



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2007)1800 final

Brussels, 19 September 2007

MINUTES
of the 1800th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 12 September 2007
(morning)

PV(2007)1800 final

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Single sitting: Wednesday 12 September 2007 (morning)

The sitting opened at 09.14 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President
Ms WALLSTRÖM	Vice-President
Mr VERHEUGEN	Vice-President
Mr BARROT	Vice-President
Mr KALLAS	Vice-President
Mr FRATTINI	Vice-President

Ms REDING

Mr DIMAS

Mr ALMUNIA

Ms HÜBNER

Items 1 to 14 (in part)

Mr BORG

Ms GRYBAUSKAITĖ

Mr POTOČNIK

Mr FIGEL'

Mr REHN

Mr MICHEL

Items 1 to 12 (in part)

Mr KOVÁCS

Ms KROES

Ms FISCHER BOEL

Ms FERRERO-WALDNER

Mr McCREEVY

Mr ŠPIDLA

Mr MANDELSON

Mr PIEBALGS

Ms KUNEVA

Mr ORBAN

Absent:

Mr KYPRIANOU

The following sat in to represent absent Member of the Commission

Mr SCHINAS	Chef de cabinet to Mr KYPRIANOU	Items 1 to 14 (in part)
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The following also sat in

Mr THEBAULT	Deputy Chef de cabinet to the President	
Mr PETITE	Director-General, Legal Service	Items 1 to 12
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Ms MARTINHO	Chief adviser in the PRESIDENT's office	Items 1 to 11.
Mr QUEST	Chef de cabinet to Ms GRYBAUSKAITĖ	Items 1 to 12
Mr CHRISTOFFERSEN	Chef de cabinet to Ms Fischer Boel	
Mr LEARDINI	Secretariat-General	Item 12
Mr SLEATH	Secretariat-General	Item 12

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

1. AGENDAS

(OJ(2007)1800/3; SEC(2007)1114/2; SEC(2007)1134; SEC(2007)1150)

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)1800)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 10 September 2007.

3. MINUTES OF 1799TH MEETING (4 SEPTEMBER 2007)

(PV(2007)1799)

The Commission approved the minutes of its 1799th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

**4.1. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST
(SEC(2007)1161 AND /2)**

The Commission adopted the decisions in the recapitulative list SEC(2007)1161/2.

**4.2. INFRINGEMENTS - URGENT CASE
(SEC(2007)1092; SEC(2007)1091)**

The Commission adopted the decision in SEC(2007)1092.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

**5.1. WRITTEN PROCEDURES APPROVED
(SEC(2007)1115 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 September 2007.

**5.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2007)1116 AND /2)**

The Commission took note of the sensitive written procedures for which the time limit expired between 10 and 14 September 2007 and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 10 September 2007.

5.3. EMPOWERMENT

(SEC(2007)1117 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 September 2007.

**5.4. AD HOC EMPOWERMENT CONCERNING THE HIGH-LEVEL GROUP
OF INDEPENDENT STAKEHOLDERS ON ADMINISTRATIVE
BURDENS**

(SEC(2007)1192)

The Commission granted the ad hoc empowerment set out in SEC(2007)1192 to the PRESIDENT, in agreement with Mr VERHEUGEN, Commission Member responsible for enterprise and industry.

5.5. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 3 and 7 September 2007, as archived on the "Greffé 2000" (Registry) website.

**5.6. DELEGATION OF POWERS FOR THE APPOINTMENT,
REPLACEMENT AND RENEWAL OF THE MEMBERS AND
CHAIRMAN OF THE EXPERT GROUP ON TRANSFER PRICING
(SEC(2007)1162)**

The Commission decided to delegate to the Director-General of Taxation and Customs Union the power to take decisions, on its behalf and under its responsibility, regarding the members and Chairman of the expert group on transfer pricing, in line with the criteria set out in SEC(2007)1162.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2007)1118/2)

ADMINISTRATIVE MATTERS
(PERS(2007)91/2)

6.1. DG ENVIRONMENT - AD14/15 POST OF CHIEF ADVISER (EU-25)
(PERS(2006)131 TO /6)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) and (2) of the Staff Regulations for the post of Chief Adviser in the Environment DG (PERS(2006)131 to /4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 3 April and 31 May 2007 (PERS(2005)131/5 and /6).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms DIMAS, it then decided to appoint Mr Nicolas THERY to the post.

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

6.2. DG COMPETITION – TERMINATION OF THE EXTERNAL SELECTION PROCEDURE TO APPOINT AN AD15 DEPUTY DIRECTOR-GENERAL (EU-10)

Having noted the procedure followed, as set out at point 2 of PERS(2007)91/2, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms KROES, decided to terminate selection procedure COM/2006/10017 for the post of Deputy Director in charge of antitrust activities, following the abolition of the post.

This decision would take effect immediately.

6.3. DG COMPETITION – TRANSFER OF AN AD14 OFFICIAL

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms KROES, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Director, Registry and Resources Directorate, in the Competition Directorate-General by the transfer in the interest of the service of Ms Isabelle BENOLIEL, AD14 official and currently Chief Adviser in the DG Health and Consumer Protection.

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

**6.4. DG ENTERPRISE AND INDUSTRY – ADOPTION OF A SHORT LIST FOR THE AD15 POST OF EXECUTIVE DIRECTOR OF THE EUROPEAN CHEMICALS AGENCY
(PERS(2007)89)**

Having noted the procedure followed, as set out at point 4 of PERS(2007)91/2, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, Mr VERHEUGEN and Mr DIMAS, decided:

- to approve the short list made up of two applicants, as set out at point 4 of PERS(2007)91/2;
- to consider this list as the Commission proposal under Article 84 of Council Regulation (EC) No 1907/2006;
- to ask Mr VERHEUGEN and Mr DIMAS to communicate this decision to the Management Board of the European Chemicals Agency.

These decisions would take effect immediately.

6.5. DG ENERGY AND TRANSPORT – ADOPTION OF A SHORT LIST FOR THE AD14 POST OF EXECUTIVE DIRECTOR OF THE JOINT UNDERTAKING TO DEVELOP THE NEW GENERATION EUROPEAN AIR TRAFFIC MANAGEMENT SYSTEM (SESAR) (PERS(2007)90)

Having noted the procedure followed, as set out at point 5 of PERS(2007)91/2, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr BARROT, decided:

- to approve the short list made up of four applicants, as set out at point 5 of PERS(2007)91/2;
- to consider this list as the Commission proposal under Article 7 of the Annex to Council Regulation (EC) No 219/2007;
- to ask Mr BARROT to communicate this decision to the Management Board of the Joint Undertaking to develop the new generation European air traffic management system (SESAR).

These decisions would take effect immediately.

6.6. DG TRADE – AMENDMENT OF ORGANISATION CHART (SEC(2007)1165)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr MANDELSON, the Commission decided:

- to abolish the Policy Coordination Directorate;
- to approve the amended organisation chart set out in SEC(2007)1165.

These decisions would take effect on 16 September 2007.

**6.7. DG PERSONNEL AND ADMINISTRATION - POSSIBLE
RECRUITMENT OF SUCCESSFUL CANDIDATES FROM THE
MIDDLE-MANAGEMENT COMPETITION (EU 10) TO ADVISER
POSTS
(PERS(2007)1178)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission approved the interpretative provision for its decision on middle management of 28 April 2004, amended on 2 March 2005, as set out in PERS(2007)1178.

This decision would take effect immediately.

**7. COMMISSION RECOMMENDATION FOR A COUNCIL
RECOMMENDATION WITH A VIEW TO BRINGING AN END TO THE
SITUATION OF AN EXCESSIVE GOVERNMENT DEFICIT IN THE
CZECH REPUBLIC -- APPLICATION OF ARTICLE 104(7) OF THE EC
TREATY
(SEC(2007)1154 AND /2; SEC(2007)1156; SEC(2007)1157)**

The Commission approved the recommendation in the document distributed as SEC(2007)1154/2, for transmission to the Council.

**8. RECOMMENDATION FOR A COUNCIL DECISION ABROGATING
COUNCIL DECISION 2006/125/EC ON THE EXISTENCE OF AN
EXCESSIVE DEFICIT IN THE UNITED KINGDOM IN ACCORDANCE
WITH ARTICLE 104(12) OF THE EC TREATY
(SEC(2007)1155; SEC(2007)1156; SEC(2007)1157)**

The Commission approved the recommendation in the document distributed as SEC(2007)1155, for transmission to the Council.

**9. COMMISSION COMMUNICATION ON THE RULES OF ORIGIN IN
ECONOMIC PARTNERSHIP AGREEMENTS REGIONAL
NEGOTIATIONS
(SEC(2007)1166 TO /3; SEC(2007)1167; SEC(2007)1168; SEC(2007)1169 AND
/2; SEC(2007)1170; SEC(2007)1171; SEC(2007)1159)**

The Commission adopted the communication set out in SEC(2007)1166/3, and took note of the impact studies in and the Annexes to the staff working papers distributed respectively under SEC(2007)1167, SEC(2007)1168, SEC(2007)1169/2, SEC(2007)1170 and SEC(2007)1171.

**10. COMMISSION DECISION DESIGNATING FOUR EUROPEAN
COORDINATORS FOR CERTAIN TRANS-EUROPEAN ENERGY
NETWORK PROJECTS
(C(2007)4278)**

The Commission adopted the decision in C(2007)4278.

11. INTERINSTITUTIONAL RELATIONS

11.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's opinions

(SP(2007)4579)

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)4579, drawn up following the September I part-session of Parliament, the contents of which were noted.

11.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business

(SI(2007)769)

The Commission took note of the information in SI(2007)769 on the Council meetings between 6 and 19 September 2007.

iii) Results of the "Gymnich" informal Foreign Ministers' meeting (Viana do Castelo, 7 and 8 September 2007)

Reform Treaty

Ms WALLSTRÖM reported on the informal meeting of Foreign Ministers held in Viana do Castelo on 7 and 8 September 2007. She referred to the exceptional nature of the venue chosen by the Portuguese Presidency of the Council for this meeting and to the excellent atmosphere that had prevailed throughout the two days.

She pointed out that the key objective of this meeting had been to reiterate the Ministers' support for the timetable and mandate established for the Reform Treaty. She was pleased to report that this aim had been attained, despite the

raising of some additions and changes. Three MEPs had attended and had taken part in the beginning of the debate.

Ms WALLSTRÖM said that the main issues still pending after the meeting were Poland's request for a change to voting arrangements in the Council and the wish of certain Member States, in particular the UK, for certain opt-in/opt-out clauses, but emphasised that, given the conciliatory nature of the Ministers' interventions, future discussions could be expected to go smoothly.

She referred also to new issues raised at the meeting, including the rules for access to Austrian universities by students from other Member States and the problem raised by the spelling of the word euro in Bulgarian, which not only required a technical solution but also had a political dimension which must be taken into account.

With regard to her own intervention at the meeting, Ms WALLSTRÖM said that she had reiterated the Commission's wish to keep to the timetable and mandate set, particularly in the area of common foreign and security policy, and had upheld the MEPs' proposal for a declaration on citizenship and the request for a proclamation of the Charter of Fundamental Rights.

She mentioned in particular the contribution of Mr Luis Amado, the Portuguese Minister for Foreign Affairs, on the issue of communication, which involved all the Member States and was a matter of common concern for many Ministers. The Commission must consider how to assist the Member States in this matter, and the Portuguese Presidency of the Council might consider including a special formulation to this effect in the Reform Treaty.

In conclusion, she spoke of the highly positive nature of the meeting and the optimism of participants as to the prospects of complying with both the timetable and the mandate set. She also mentioned the need to ensure the technical follow-up to these intentions.

The Commission took note of this information.

Relations with Russia and situation in the Middle East

Ms FERRERO-WALDNER also began by speaking of the beauty of the Viana do Castelo site and the excellent general conditions which had contributed to the success of the meeting.

She reported in particular on the discussions on relations with Russia. No new strategic approach had emerged but the discussion had revealed the sense of frustration caused by the EU's difficulties in speaking with one voice and thereby adopting a firm stance vis-à-vis Russia, since the divergent positions of the USA and Russia, in particular on the issue of the definitive status of Kosovo, made European unity more necessary than ever.

She noted that there was general consensus on the likelihood of no progress on political issues or negotiations on a new partnership and cooperation agreement with Russia before the Russian presidential elections in March 2008. The intervening period should therefore be used for internal reflection, particularly on how the Union could strengthen its negotiating position, better define its objectives, particular as regards energy, and also convince Russia of the importance of respect for human rights and democratic principles and convey the EU's messages to the Russian people in general.

Ms FERRERO-WALDNER also noted the Foreign Ministers' consensus regarding the Commission's intention of addressing these issues on the basis of the four "common areas" and preparing negotiations with a view to a new agreement as soon as the political climate made this possible. She reported the comment made by the Portuguese Presidency that the Union would be stronger if all its Member States were fully aware of the common strategic objectives and refrained from taking bilateral initiatives in order to preserve European unity.

Ms FERRERO-WALDNER also reported on the discussion on the Middle East, which had been marked by cautious optimism following the announcement by President George Bush that an international meeting was to

be held on the Middle East, and the series of constructive meetings between the Israeli Prime Minister, Mr Ehoud Olmert, and the President of the Palestinian National Authority, Mr Mahmoud Abbas.

She reminded the meeting of the assistance currently being provided by the Commission to the Palestinian people, through the temporary international mechanism but also through the direct support provided to the Palestinian National Authority and through technical assistance. Although the emphasis for some time had been on humanitarian aspects, from now on it was important to return to measures to strengthen institutional reinforcement and to create the conditions for economic recovery.

The Commission took note of this information.

Western Balkans

Mr REHN also praised the excellent conditions in which the informal meeting had taken place, which had helped to facilitate what he described as an exceptionally good discussion on Kosovo, just like the Council discussions which had led to growing consensus and recognition of the importance of European unity in this area. He drew particular attention to the need for such unity in the context of the report on the future status of Kosovo to be presented to the UN Security Council on 10 December, but pointed out that certain difficulties persisted in some Member States.

As regards the thrust of the meeting itself, Mr REHN reported on the presentation made by Ambassador Wolfgang Ischinger, EU representative on the troika for the talks on Kosovo, of his views on the months ahead. Mr Wolfgang Ischinger had emphasised the importance of reaching a negotiated settlement and said that, although the troika was still exploratory for the time being, attention would be focused on achieving concrete results in October and November in view of the final report to be issued in December and the need for a final settlement by the end of the year. He also echoed Mr Wolfgang Ischinger's call for European unity and his statement, which

was supported by several Member States, that the Ahtissari plan was still valid.

Mr REHN highlighted the points on which consensus had been reached at the meeting, particularly the recognition of the extremely salutary nature of the decision taken by the Council in July to appoint a single representative for the Union, which was a concrete expression of European unity on this matter and enabled all the Member States to feel equally involved. In conclusion, he felt that the message that had come out of the meeting was the Union's wish to do everything possible to reach a solution, but also the hope that both parties would adopt a constructive approach and that the Member States would be able to avoid any unilateral initiative in this area.

As regards Serbia, which was also discussed at the Viana do Castelo meeting, and with reference also to the background to the visit to Brussels of the Serbian Prime Minister Mr Vojislav Kostunica, Mr REHN mentioned the conclusion of the technical negotiations on the stabilisation and association agreement, stressing also the conditions the Union was imposing on Serbia, in particular the need for full cooperation with the International Criminal Court for the former Yugoslavia. This cooperation was fundamental for the continuation of the process and in particular the signing of the agreement.

The Commission Members then held a brief exchange of views, highlighting the following:

- the prospects in the event of failure to reach agreement on the definitive status of Kosovo by the beginning of December, and the anticipated effect on the peoples involved;
- the difficulty of maintaining European unity on this matter given the different pasts and traditions of the Member States;
- the importance of dealing separately with the issues of the status of Kosovo and relations with Serbia.

In response to the questions raised, Mr REHN pointed to the fundamentally European nature of the question of the status of Kosovo and the adverse effects on the stability of Europe of maintaining the status quo, as well as the Union's special responsibility to achieve a definitive settlement. He reminded the meeting that the December report was to be the final report and that everything possible must be done to reach a solution in the coming months. Depending on how the situation developed, he proposed returning to this issue in the next three months.

The PRESIDENT also acknowledged that the status of Kosovo was one of the key issues for the immediate future. He emphasised the absolute necessity for a common position on the part of all the Member States and confirmed the advantages of appointing a single EU representative. He called for everything possible to be done to ensure European unity and also stressed the importance of detailed monitoring of developments in the months ahead.

The Commission took note of this information.

11.3. RELATIONS WITH PARLIAMENT

iv) Results of Parliament's September I part-session

(SP(2007)4573)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg from 3 to 6 September 2007, taken from SP(2007)4573.

**12. COMMISSION COMMUNICATION – REFORMING THE BUDGET,
CHANGING EUROPE: A PUBLIC CONSULTATION PAPER IN VIEW OF
THE 2008/2009 BUDGET REVIEW
(SEC(2007)1188)**

The PRESIDENT introduced the consultation paper which was the subject of the communication he was tabling for approval, in agreement with Ms GRYBAUSKAITĖ.

He began by reminding the meeting that the objective of the budget review called for by the European Council and Parliament, which was the subject of the consultation paper, was to take a fresh look at and adopt a new approach to the EU budget as a whole, thereby clearing the way for what might turn out to be necessary changes. The review should be as open as possible, without limitations of any kind, and should encompass all the pertinent issues relating to resources and spending while paying particular attention to their added value. The PRESIDENT also pointed out that the planned review would not be a proposal for the financial framework beyond 2013, a task that would fall to the next Commission.

He added that the Commission should engage in this process with a willingness to listen, without prejudice, allowing all interested parties have their say on the future of the EU budget.

The PRESIDENT reminded the meeting of the 'given' facing anyone with responsibility for the budget, namely the need to prioritise from among all possible and/or requested expenditure. This should drive the budgetary review, thereby helping to consolidate the Commission's credibility in this reform process.

He went on to say how vitally important it was to seek the maximum added value of Community budget interventions. This was the most critical aspect of the process, on which the Commission could not fail.

He also spoke of the importance of encouraging an open debate on own resources, a difficult and sensitive question, but one to which it was necessary to find an effective and lasting answer.

The PRESIDENT concluded by calling on Parliament and the Member States to play an active part in the consultation of the public and interested parties now being launched by the communication.

Ms GRYBAUSKAITĖ spoke of the need to encourage a visionary approach to the future of Europe in the budgetary review, and reminded the meeting of the main stages in the process. She outlined the following timetable: public consultation until April 2008; debates in the budgetary committees of the European Parliament and the national parliaments in November 2007; a conference in spring 2008 to analyse the results of the public consultation, in association with the European Parliament; Commission to start work on the reform proposal in spring 2008; presentation by the Commission of the reform proposal in 2008/2009; discussion and approval of this proposal by the other institutions in 2009/2010; proposal for a new multiannual financial framework in 2010/2011.

Following these contributions the Commission held an exchange of views, highlighting the following:

- the budget review should be launched immediately, even though this coincided with the process of revising the Treaties and ratifying the future Treaty amendments;
- it was important not to prejudge the outcome of the public consultation;
- the reflection on the future of the Union budget should be kept general, i.e. it should look at the budget as a whole and avoid sectoral and parallel operations, which could produce contradictory conclusions;
- it was important to highlight the efforts made by the EU to adapt to the reality and challenges of the 21st century, with regard both to the Treaty and the budget;

- without prejudice to the multiannual nature of financial programming and compliance with the budgetary principles, the Commission should be given an appropriate margin of flexibility to enable the Union to react effectively, particularly on the external relations front, in facing up to crisis situations;
- there should be a communication drive to make the European public aware of the specific differences between the Community budget and the budgets of the Member States, and indeed non-member federal states, with particular reference to scale and objectives;
- it was important to convince people that the budget of the Union was used to solve problems that concerned them;
- it was necessary to ensure from now on that the principles of subsidiarity and proportionality were always applied to actions financed by the Community budget, and to guarantee their added value;
- the budgetary authority must be encouraged to give an adequate response to requirements in a number of areas such as maritime policy, cohesion policy, combating climate change (and the consequences of this for example as regards the provision of railway corridors), policy towards neighbouring countries, industrial change, student mobility, etc.;
- it was important to reiterate in this context the need to ensure sound budgetary discipline and to promote spending quality;
- issues concerning budget implementing rules and methods had to be tackled;
- the Community budget could have a leverage effect on European co-financing and loans granted by financial institutions;
- it was useful to remember the outcome and thrust of previous budgetary debates.

Following this exchange of views, the PRESIDENT noted the Commission's agreement on the following amendments to the document, in English, distributed as SEC(2007)1188:

- in the section “*The Budget as a tool for changing priorities*”, at the end of the last paragraph, before the text box on page 6, the following words were added: “*and to enhance political responsiveness*”;
- in the section “*Preparing for Tomorrow's Challenges*”, in the 7th bullet point (page 8), the words “*and marine*” were inserted between “*rural*” and “*environment*” (first line), and the words “*and rural society*” were replaced by “*rural society and maritime areas*” (last line);
- in the section “*Delivering EU Policies*”, at the end of the last question in the text box on page 10, the following words were added: “*and political responsiveness of the EU budget*”.

Subject to these amendments, the Commission approved the communication in the form of a consultation paper set out in SEC(2007)1188 and decided, on this basis, to launch a public consultation to be concluded by 15 April 2008.

**13. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - STRATEGY FOR THE OUTERMOST REGIONS: ACHIEVEMENTS AND FUTURE PROSPECTS
(COM(2007)507 TO /4; SEC(2007)1112 AND /2; SEC(2007)1151)**

Ms HÜBNER gave a brief presentation of the communication she was tabling for approval. She started by referring to Article 299 of the Treaty, which recognises the specific nature of the outermost regions (OR) (the French overseas departments, the Azores, Madeira and the Canary Islands), and authorises specific measures in their

favour in order to ensure appropriate application of the Treaty and Community policies to these regions.

She explained that the communication took stock of the implementation of the strategy on the OR adopted by the Commission in 2004, and that the results were very positive. The measures in favour of the outermost regions concerned 14 different Community policies, demonstrating the relevance of the cross-cutting and complementary approach the Commission had chosen. Ms HÜBNER thanked the Commission Members and their departments for their contribution to the achievement of these results.

Ms HÜBNER mentioned in particular the specific measures in favour of the OR in agriculture, particularly as part of the reforms of the common organisation of the market in bananas and sugar, and in the field of competition, with the new guidelines on regional state aid, which provided for preferential treatment of the outermost regions.

She also referred to certain additional measures proposed in the communication to strengthen the impact of the strategy adopted in 2004, including increased participation by the outermost regions in the new research and development framework programme, improvement of the coordination between the European Regional Development Fund and the European Development Fund in order to encourage projects for cooperation between the OR and their neighbours, and the development of sea transport services between these regions and neighbouring non-member countries.

Lastly, Ms HÜBNER said that the main objective of the communication was to launch a public debate on how the strategy in favour of the OR could respond to new challenges such as climate change, demographic change and the management of migratory flows, agriculture and maritime policy, all issues of particular importance to these regions. At the end of the public consultation, which would continue until March 2008, the Commission would prepare its proposal on future strategy with regard to the outermost regions.

The PRESIDENT thanked Ms HÜBNER for her presentation. He spoke of the specific nature and vulnerability of the outermost regions because of the constraints imposed by their geographical remoteness, their insularity or their climatic situation, but also of the possibilities that they offered, which made them an important asset to the whole of the European Union.

He noted that the Union had gradually equipped itself with instruments to tackle the specific requirements of the outermost regions. He reminded the meeting that the strategy the Commission had been implementing since 2004 was based on three priorities, i.e. to make the outermost regions more competitive, to improve their accessibility and compensate for the considerable constraints they had to face, and to strengthen their regional integration.

Three years on, the PRESIDENT said it was possible to judge the strategy a success. The policy in favour of the OR had acquired an identity of its own, most of the recommended actions had come to fruition and the actions carried out by the Union had played an important role in improving the socio-economic situation in these regions.

He also took the view that the priorities set in the 2004 strategy were still of relevance today and that the policy should be pursued and developed. He noted that the situation of the OR was constantly changing under the pressure of new challenges such as the management of migratory flows, the development of international trade and climate change. He concluded by calling on the Commission to keep up the impetus of its policy on the outermost regions, and to step up certain initiatives to exploit all the possibilities offered by the 2004 strategy, with a view to launching a fruitful debate on the future of the outermost regions with all the players concerned.

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

- recognition of the place of the outermost regions within the EU;

- the contribution of the communication to improving the situation of the outermost regions;
- the importance of relations between the outermost regions and neighbouring countries;
- the complementary nature of the policy in favour of the outermost regions and the EU's maritime strategy.

The Commission then approved the communication in COM(2007)507/4 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, together with the technical annex in staff working paper SEC(2007)1112/2, the contents of which were noted.

14. OTHER MATTERS

COMMON AGRICULTURAL POLICY “HEALTH CHECK”

Ms FISCHER BOEL announced the initiative she hoped shortly to put before the Commission with a view to conducting a health check on the common agricultural policy (CAP).

Ms FISCHER BOEL began by saying that some farm prices had reached record levels in August 2007 (for example wheat and dairy products), in what was a real reversal of the trend after two decades of falling prices in real terms. The increase could be explained by two types of factor: some were structural, such as the increase in global demand and the emergence of new markets; others were more to do with the current economic situation, generated for example by the succession of bad weather conditions and the behaviour of certain exporting countries. However, the increase in farm prices had only a limited impact on consumer prices in Europe due to the relative drop in the price of agricultural products as a proportion of the price of products for final consumption. This rise in farm prices would be confirmed in the medium term, though prices would not stay at their present levels, and there was

little risk of food shortages in Europe. Measures to discourage set-aside and to encourage production would be implemented in 2008.

Ms FISCHER BOEL then referred to the issues she intended to tackle under the initiative she had just announced: market measures, the single payment system, the taking into account of certain challenges – such as risk management, matters relating to climate change and water shortage – the achievement of goals for biofuels and the transition to second-generation biofuels, all in compliance with the new 2007-2013 financial framework. However, she envisaged an increase in appropriations for the second pillar of the CAP, i.e. rural development, through an adjustment of the first pillar.

Lastly, she proposed the following timetable for the initiative: launch of interservice consultation (imminent); adoption of the communication by the Commission on 20 November 2007; consultation until March 2008; adoption of the amended proposal by the Commission on 30 May 2008; adoption of a reform document under the French Presidency of the Council during the second half of 2008.

At the end of this intervention the Commission held an exchange of views, highlighting the following:

- the importance of having an integrated European strategy on biofuels so as to ensure their sustainability, of taking account of the interests of producers and consumers in European and ACP countries, and of tackling the question of genetically modified organisms;
- confirmation that the results of the health check on the common agricultural policy would apply only to the second half of the 2007-2013 financial perspective, without however excluding the possibility of other supplementary measures from 2013;
- the share of direct aid in overall agricultural expenditure;
- the respective roles of short-term and structural factors in the increase in farm prices;

- the fact that the agri-food industry was the most important sector in the EU, and that the Union was the world's biggest exporter of agri-food products;
- the need to pay close attention to the quality of agricultural products in the current discussions;
- the importance of monitoring and ensuring the success of rural development programmes, which had huge potential;
- the importance of taking account of the situation of less-favoured regions, particularly mountain regions, in any change to the system of milk quotas.

The Commission took note of this information.

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The meeting closed at 12.04.