EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2007)1809

Brussels, 28 November 2007

MINUTES

of the 1809th meeting of the Commission

held in Brussels

(Berlaymont)

on Tuesday 20 November 2007

(morning)

PV(2007)1809 final

TABLE OF CONTENTS

Single sitting: Tuesday 20 November 2007 (morning)

The sitting opened at 09.07 hours with Mr BARROSO, President, in the chair.

Present

Mr BARROSO	President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Ms REDING		Items 1 to 16
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL’		
Mr KYPRIANOU		
Mr REHN		Items 11 to 12/13/14 (in part)
Mr KOVÁCS		
Ms FISCHER BOEL		Items 1 to 12/13/14 (in part)
Ms FERRERO-WALDNER		Items 11 (in part) and 18
Mr McCREEVY		Items 1 to 18 (in part)
Mr ŠPIDLA		
Mr MANDELSON		Items 10 (in part) and 11 (in part)
Mr PIEBALGS		Items 1 to 11 (in part)
Ms KUNEVA		
Mr ORBAN		

Absent

Ms WALLSTRÖM	Vice-President
Mr MICHEL	
Ms KROES	

The following sat in to represent absent Members of the Commission

Mr LEFFLER	Chef de cabinet to Ms WALLSTRÖM	
Mr DOENS	Deputy Chef de Cabinet to Mr MICHEL	
Mr SMULDERS	Chef de cabinet to Ms KROES	Items 1 to 16

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	Items 10 (in part) to 18
Mr PETITE	Director-General, Legal Service	
Ms CORUGEDO STENEBERG	DG Communication	
Mr LAITENBERGER	Commission Spokesman	
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the President	Items 1 to 17
Ms MARTINHO	Chief adviser in the PRESIDENT's office	Items 12 to 14
Mr MARQUES DE ALMEIDA	A member of the President's staff	Items 11 and 16
Ms MARTÍNEZ ALBEROLA	A member of the President's staff	Items 11, 16 and 17
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Items 17 and 18
Ms ÅSENIUS	Deputy Chef de cabinet to Mr REHN	Items 12/13/14 (in part) to 18
Mr CHRISTOFFERSEN	Chef de cabinet to Ms FISCHER BOEL	Items 12/13/14 (in part) to 18
Mr BORCHARDT	Deputy Chef de cabinet to Ms FISCHER BOEL	Items 1 to 10
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER	Items 1 to 11 (in part) and 12 to 17
Ms SCHREIBER	Chef de cabinet to Mr ŠPIDLA	Items 12 to 14
Mr REDONNET	Deputy Chef de cabinet to Mr MANDELSON	Items 1 to 10 (in part) and 11 (in part) to 18
Mr KESTERIS	Chef de cabinet to Mr PIEBALGS	Items 11 (in part) to 18

Mr SERVOZ	Secretariat-General	Items 12 to 14

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

1. AGENDAS
(OJ(2007)1809/3; SEC(2007)1527/2)

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)1809)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Friday 16 November 2007.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1808TH MEETING (13 NOVEMBER 2007)
(PV(2007)1808; PV(2007)1808, PART II AND /2)

The Commission approved the minutes of its 1808th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

4.1. STATE AID – INDIVIDUAL CASE (SEC(2007)1552)

The Commission adopted the decision in SEC(2007)1552.

4.2. INFRINGEMENTS – HORIZONTAL FILE (SEC(2007)1405 to /4; SEC(2007)1550)

Action taken on the Commission communication "A Europe of results – Application of Community law" – Decision-making in infringement cases

The Commission adopted the conclusions set out at item 3 of SEC(2007)1405/4.

4.3. INFRINGEMENTS –INDIVIDUAL CASES POSTPONED FOR NON-AVAILABILITY OF DOCUMENTS – REGULARISATION (SEC(2007)153)

The Commission adopted the decisions in SEC(2007)1533.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED (SEC(2007)1528 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 November 2007.

5.2. SENSITIVE WRITTEN PROCEDURES (SEC(2007)1529 and /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 16 and 23 November 2007 and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 16 November 2007.

5.3. EMPOWERMENT (SEC(2007)1530 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 12 and 16 November 2007.

5.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 12 and 16 November 2007, as archived on "Greffe 2000" (Registry).

6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2007)1531)

ADMINISTRATIVE MATTERS (PERS(2007)109)

DG ENERGY AND TRANSPORT – RENEWAL OF THE MANDATE OF THE EXECUTIVE DIRECTOR OF THE EUROPEAN MARITIME SAFETY AGENCY

The Commission took note of the information in point 1 of PERS(2007)109 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr BARROT, decided to propose to the Administrative Board of the European Maritime Safety Agency (EMSA) that the mandate of Executive Director of Mr

Willem DE RUITER be renewed with effect from 16 March 2008, to regard this as the Commission proposal under Article 16 of Council Regulation 1406/2002, and to ask the Commission Member responsible to communicate this decision to the Administrative Board of the EMSA.

These decisions would take effect immediately.

7. COMMISSION COMMUNICATION ON THE ASSESSMENT OF THE ACTION TAKEN BY POLAND IN RESPONSE TO THE COUNCIL RECOMMENDATION OF 27 FEBRUARY 2007 WITH A VIEW TO BRINGING AN END TO THE SITUATION OF AN EXCESSIVE GOVERNMENT DEFICIT – APPLICATION OF ARTICLE 104(7) OF THE TREATY

(SEC(2007)1543 AND /2; SEC(2007)1524)

The Commission adopted the communication in SEC(2007)1543 for transmission to the Council.

8. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY AND ARTICLE 53 OF THE EEA AGREEMENT (*CASE COMP/F/38.432 – PROFESSIONAL VIDEO TAPES*)

(C(2007)5469 TO /8; SEC(2007) 1559)

The Commission

– took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 26 October and 16 November 2007 in C(2007)5469/3 and /7;

- took note of the final report of the Hearing Officer of 8 November 2007 in C(2007)5469/5;

- adopted, in the authentic language (English), the decision in C(2007)5469/8 finding that the companies to which the decision was addressed had infringed Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area and imposing fines on these companies totalling €74 790 000;

- decided that the decision in C(2007)5469/8 would be notified to the companies concerned, together with the final report of the Hearing Officer;

- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the EU official languages in the Official Journal (with business secrets removed);

- decided to publish the decision (with business secrets removed) on the *Internet*.

9. RELATIONS WITH THIRD COUNTRIES

9.1. VISIT TO TURKMENISTAN (ASHGABAT, 14 AND 15 NOVEMBER 2007)
(SEC(2007)1577)

The Commission took note of the information note from Mr PIEBALGS in SEC(2007)1577.

9.2. VISIT TO CHINA (BEIJING, QINGDAO AND SHANGHAI, 7 TO 10 NOVEMBER)
(SEC(2007)1579)

The Commission took note of the information note from Mr BORG distributed as (SEC(2007)1579.

10. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS - PREPARING FOR THE "HEALTH CHECK" OF THE CAP REFORM (COM(2007)722 TO /4; SEC(2007)1525)

Ms FISCHER BOEL presented the communication she was tabling for approval. She began by pointing out that the document reflected the efforts the Commission was making to foster the process of modernising the common agricultural policy (CAP) and constituted at the same time a first step in the reform of the CAP planned for 2013.

She explained that the communication was a response to some of the revision clauses contained in the 2003 reform, adding that the exercise was no more than a "health check" designed to correct some past errors, with special focus on the need for simplification, to adapt the CAP to rapidly changing circumstances and to open the way to a reform of the CAP in 2013.

Ms FISCHER BOEL underlined the key distinction to be made between this check and the 2008/2009 budget review, for which it was a preparatory step, without prejudging the outcome of that review.

She also stated that this communication, which was designed to open the debate, did not contain details of all the measures that would have to be taken, but identified the aspects that would have to be addressed, giving indications where possible on how this could be done.

She listed the three main issues that the check would cover: (i) how to make the single payment scheme more effective, more rational and more straightforward; (ii) how to make reasonable use of the market support instruments in the context of growing globalisation and a 27-nation EU; and (iii) how to cope with the new challenges such as risk management, climate change, preservation of biodiversity, management of water and the rapid development of biofuels.

She said that it was on the basis of the discussions on these broad issues by all the interested parties, including Parliament and the Council, that the Commission would submit legislative proposals amending, adapting or supplementing the current rules, adding that the proposals would be accompanied by detailed impact assessments.

She then referred to the next stages in the procedure on this matter, beginning with its presentation to Parliament that day, then to the Agriculture and Fisheries Council the following Monday, and pointed out that the legislative proposals proper should be tabled for Commission approval in May 2008, and the whole set of measures discussed then adopted under the French Presidency of the Council before December 2008. She realised that the schedule was ambitious but drew attention to the importance of sticking to it, especially in view of the heavy institutional agenda for 2009. She had at all events had some very open discussions with the Member States and had already seen some promising signals.

Finally she thanked all the Commission Members for the very positive reception they had given to the dossier during the preparatory phase.

The PRESIDENT thanked Ms FISCHER BOEL for her presentation. Although it appeared to be very technical, this stocktaking exercise was highly sensitive in political terms and would have to be handled carefully, particularly as regards communication.

He reminded the meeting that the exercise was a response to undertakings given at the time of the 2003 CAP reform and was designed to propose the adjustments required in the light of experience acquired, technical adjustments intended to simplify the single payment scheme and also adaptations connected with the far-reaching changes in the agricultural markets since 2003. He also noted that the document was a staging post intended for consultation purposes, stressing that it should not be regarded as the antechamber of CAP reform.

He observed that the CAP reform could come earlier than expected on the political agenda, given the determination shown by the future French Council Presidency, adding that the Commission needed to prepare for this, exploring the avenues opened up by the present exercise.

The PRESIDENT also highlighted the importance of separating this exercise from the budget review, which would come later and for which this stocktaking would be no more than a contribution.

He referred back to the wish expressed in some quarters during the preparation of the communication that the opportunity be taken to set more ambitious aims, particularly on the environment, but saw a double risk, by going further, of starting the difficult debate on CAP reform before the time was ripe and of creating an unfortunate interference with the budgetary review process.

He therefore welcomed the balanced and very comprehensive approach taken by Ms FISCHER BOEL, which in no way prejudged either the reform of the CAP or the results of the budgetary review.

The Commission also mentioned briefly the exemplary quality of the cooperation of the cabinet and departments of Ms FISCHER BOEL with the cabinet and departments responsible for financial programming and the budget, and the satisfaction with the results produced.

The Commission approved the communication in COM(2007)722/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

11. INTERINSTITUTIONAL RELATIONS

11.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's opinions
(SP(2007)5804)

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)5804, drawn up following the November I part-session of Parliament, the contents of which were noted.

11.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business
(SI(2007)993)

The Commission took note of the information in SI(2007)993 on the Council meetings between 15 and 28 November 2007.

11.3. RELATIONS WITH PARLIAMENT

iii) Results of Parliament's November I part-session
(SP(2007)5880)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg from 12 to 15 November 2007, contained in SP(2007)5880.

11.4. OTHER MATTERS

iv) European Court of Auditors annual report on 2006 and discharge procedure
(SEC(2007)1558)

Mr KALLAS gave a brief report on the main conclusions of the Court of Auditors annual report on 2006. He highlighted major improvements in comparison with 2005, as the Court had endorsed more than 40% of expenditure in 2006 (some 30% in 2005; 6% in 2004), and noted that this was an undoubted step forward towards the strategic objective of securing a positive statement of assurance.

But he felt that further efforts were still essential in order to ensure the best possible follow-up to the report on 2006. He gave a rundown of the Court's essential criticisms, regarding in particular agricultural expenditure, control systems in certain Member States and the Structural Funds, with an error rate for this expenditure that the Court put at 12%.

He called on all the Commission Members directly concerned to help see to it that the errors detected could be explained in detail to the budgetary authority, in particular Parliament's Committee on Budgetary Control. He also asked them to apply the payment suspension and recovery mechanisms.

The PRESIDENT thanked Mr KALLAS for his presentation, and underlined the considerable efforts made by the present Commission to move towards obtaining a positive statement of assurance. He felt that the Commission would have to show determination in order to take effective follow-up action on the Court's recommendations, identify weaknesses, spell out corrective measures and present the results of the follow-up action, in cooperation with the Member States where appropriate. He asked Commission Members to urge the departments under their responsibility to continue their efforts along these lines.

He felt that this was also the best way of preparing the procedure for the 2007 financial year, when the political context would be far more complicated with the European Parliament elections.

There was a brief exchange of views during which the Commission looked in particular at the following aspects:

- the importance of preparing detailed explanations on the errors detected by the Court;

- the importance of following up the Court's recommendations carefully and of devising effective corrective measures to remedy the errors detected;

- the relevance of the practices introduced in some departments such as the Directorates-General for Regional Policy or Research, which make it possible to suspend payments much faster when an irregularity is detected or to better identify the sources of error;

- the value of developing cooperation with the Court of Auditors, and also with the national authorities, in order to speed up procedures in future audits;

- the shared responsibility of the Member States for certain errors, particularly as regards the Structural Funds;

- questions about the relevance of a single definition of what is an "acceptable" error rate in the execution of public budgets;

- problems connected with assessment of the effectiveness of certain politically motivated expenditure, particularly in the areas of enlargement and external relations.

The PRESIDENT closed the exchange of views by thanking the Commission Members for their contributions and asking them to make further efforts to implement the recommendations of the Court of Auditors. He emphasised the importance, for the communication on the 2006 report, and for the future too, of having detailed and factual explanations reflecting the importance of the subject, its sensitivity and its complexity. In this connection he insisted on the need for particularly careful preparation involving the cabinets and departments of the Commission Members most directly concerned.

The Commission took note of these observations and of the note from Mr KALLAS (SEC(2007)1558).

12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A SINGLE MARKET FOR 21ST CENTURY EUROPE
(COM(2007)724 TO /4; SEC(2007)1517 TO /3; SEC(2007)1518 TO /3; SEC(2007)1519 TO /3; SEC(2007)1520 AND /2; SEC(2007)1521 TO /3; SEC(2007)1523)

13. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – SERVICES OF GENERAL INTEREST, INCLUDING SOCIAL SERVICES OF GENERAL INTEREST: A NEW EUROPEAN COMMITMENT
(COM(2007)725 TO /4; SEC(2007)1514 TO /3; SEC(2007)1515 TO /3; SEC(2007)1516 AND /2); SEC(2007)1523)

14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – OPPORTUNITIES, ACCESS AND SOLIDARITY:TOWARDS A NEW SOCIAL VISION FOR 21ST CENTURY EUROPE
(COM(2007)726 TO /4; SEC(2007)1523)

The PRESIDENT introduced the texts tabled for Commission approval under items 12 to 14 of the agenda. He began by welcoming the presentation of this first set of initiatives announced in the communication of 10 May 2006 entitled "A Citizens' Agenda – Delivering results for Europe". He underlined the cross-cutting nature of issues relating to the single market, which concerned all Community policies, economic operators and consumers, and the need to define and ensure the transformation of this market in order better to meet the economic objectives of the European Union. He noted also the importance of contributing to the renewal of the social vision in Europe and of taking more account of citizens' needs when defining the Union's priorities, through initiatives such as the communication on services of general interest. To this end he advocated a global and coordinated approach, particularly in the area of communication. Lastly, he expressed his appreciation of the collective effort and high level of commitment shown by the Commission's departments in preparing this set of communications. In particular, he thanked Mr ŠPIDLA, Mr McCREEVY, Ms KROES, Mr ALMUNIA and Mr MANDELSON and their departments for their constructive support.

He then presented each of the three communications in turn. He referred first to the final report on the review of the single market, which contained the results of the consultations and analyses launched by the policy document published in February 2007, entitled "A single market for citizens". He emphasised that the main message emerging from the review was the success of the common market, particularly with regard to the free movement of persons, capital, goods and services. However, he recognised the need to review the single market in the light of two simultaneous phenomena: the enlarged Union and globalisation. The object of this review was therefore to determine the measures that should be taken to ensure that the single market brought maximum benefits to citizens and SMEs and that we were well equipped to tackle globalisation. The PRESIDENT also emphasised the efforts needed to promote the free movement of knowledge and innovation within the single market as a fully-fledged "fifth freedom".

He ended the presentation of this first document by reminding the meeting that the review did not propose specific legislative measures but rather identified the key areas for action and proposed new working methods in order to obtain concrete results and ensure that all the players were fully committed to them. He explained that this approach was the result of a different decision-making and regulatory environment from that of the 1980s, which gave priority to regulation and harmonisation with a view to abolishing cross-border barriers. The PRESIDENT considered that today a creative and differentiated approach was needed, based on the specific examples contained in the Commission working papers accompanying this first communication, in particular as regards the instruments of the single market, the monitoring of the markets and sectors, the external dimension and access to retail financial services.

The PRESIDENT went on to present the communication on services of general interest, including social services of general interest, which had been drawn up in line with the framework and the principles laid down in the protocol on services of general interest annexed to the Lisbon Treaty. He was convinced that from now on efforts should focus on specific and practical measures benefiting citizens, in order to improve the quality of social services and support local authorities in this field. With regard to communication with the media, the European institutions and the social players, he advocated a pragmatic approach and emphasised that services of general interest represented a significant asset for the Union while respecting the diversity of the situations existing in the Member States.

Lastly, the PRESIDENT presented the third document, which set out a proposed social vision for 21st century Europe. He considered that the Union's policies must be based on the present and future social realities of our societies, which would have to be assessed on the basis of the broad-based consultation currently under way on the "social reality stocktaking". He also emphasised the need to provide a modern and concrete response to the changes and trends identified, particularly as regards the longer life expectancy in Europe, new family patterns, mobility, diversity and the promotion of equal opportunities and gender equality. Efforts needed to be made in the Member States and the Commission could support these efforts by developing innovative policy frameworks, proposing legislative measures where necessary and facilitating the exchange of best practices.

In conclusion, the PRESIDENT said that the package presented that day would enable the European Union to make progress in the coming decade by demonstrating its ability to adapt and take into account the interests of European citizens. He called on the Commissioners to promote modern and dynamic initiatives vis-à-vis the players concerned and citizens in the coming months. He noted the Commission's recognition of the need for its working methods to evolve, within the scope of its powers, in a larger and more diverse Union. He considered that the balance between single market and social vision highlighted the central place accorded to citizens, consumers and SMEs, through the implementation of concrete actions, for example concerning career opportunities, health, gender equality, inclusion and non-discrimination, mobility and integration, culture, participation and dialogue.

Mr ŠPIDLA welcomed the high level of cooperation that had characterised the preparation of these initiatives, which in his opinion represented real progress. He noted with satisfaction the importance given to the social dimension, in particular in the communication on the new social vision for the 21st century, which laid the groundwork for the draft renewed social agenda that he intended to present in mid-2008. Without wishing to prejudge the debates that were sure to take place in the Member States, he emphasised the balanced and pragmatic nature of the vision of a social Europe advocated by the Commission in this communication.

Mr McCREEVY began by welcoming the place given to consumers and SMEs in the initiatives being presented that day by the Commission. He noted that the report on the review of the single market proposed an in-depth analysis of the key issues over the coming months without, however, taking an overly prescriptive approach, and highlighted the recommendations on enhancing competition in the provision of retail financial services to consumers. In this context, it was important for consumers to be able to change bank without any difficulty and to be better informed on financial matters to ensure that they made the right choices. He considered that the Commission could, without needing to take legislative measures, support the Member States in their efforts to ensure that the national authorities embraced these goals and to promote best practices.

He then referred to the staff paper on the instruments for modernising and improving management of the single market. He considered that these measures would contribute to the "better regulation" drive by enhancing problem-solving and implementation of legislation. To this end he recommended an approach based on partnership with the Member States, for example through the "single market centres" which he wished to see developed in all the Member States, with the Commission's support, in order to step up coordination at national level and act as contact points between the Member States for the exchange of best practices.

Lastly, Mr McCREEVY felt that this set of measures, which he considered to be realistic and balanced, provided the Commission with a sound basis for implementation of an operational and dynamic single market capable of providing tangible and beneficial results to European citizens.

The Commission held a discussion on all three communications, during which the following points were raised:

– the quality and political significance of the documents submitted to the Commission for approval;

– the advisability of a joint approach to addressing the challenges facing the single market and the changes shaping social reality;

– the Commission's primary concern of providing concrete responses to the needs of citizens and small and medium-sized enterprises;

– the need to adopt new working methods in order to complete the single market and to adopt a wide range of measures to achieve this end, in line with the Commission's objective of promoting a more results-oriented approach;

– the effectiveness of the sectoral approach as regards services of general interest;

– the close link between the achievements of the single market and the objectives of the Lisbon strategy for growth and employment, particularly in the context of globalisation;

– the potentially positive effect of the Commission's approval of these communications in the context of the process of ratification of the Lisbon Treaty;

– the importance of compliance with competition rules in both the single and world markets, as well as of combating unfair practices on the world market through the proper use of trade defence instruments;

– the indissoluble link between the euro and the single market, and the need to complete the single market and ensure its proper functioning in order to reduce the scope of the necessary economic adjustments and their impact on citizens;

– the key importance of communication measures explaining to citizens the beneficial effects of the initiatives relating to the single market and services of general interest; in this context, the importance of European action to remove obstacles to the provision of financial services;

– the need to take into account public perceptions (both economic and other) of the EU's actions, and the consequent importance of assessing all the factors encouraging citizens and SMEs to support the Commission's efforts to complete the single market;

– the importance of developing the corresponding area for education, knowledge and health within the single market;

– the advisability of circulating as widely as possible certain of the working papers accompanying the communications submitted to the Commission for approval.

The PRESIDENT concluded the debate by noting the substantial agreement within the Commission on the papers submitted to it. He highlighted the balanced and innovative approach advocated by the Commission, which combined highly targeted legislative initiatives where necessary with more appropriate and sophisticated tools, and the significant communication drive needed. The aim of this communication drive was to underline the Commission's ultimate goal of responding to citizens' day-by-day needs.

Following this debate, the Commission:

- approved the communication in COM(2007)724/4, for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to national parliaments, together with the staff papers distributed as SEC(2007)1517/3, SEC(2007)1518/3, SEC(2007)1519/3, SEC(2007)1520/2, and SEC(2007)1521/3, the contents of which were noted;

- approved, subject to a final linguistic check, the communication set out in COM(2007)725/4, for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the staff papers distributed as SEC(2007)1514/3, SEC(2007)1515/3 and SEC(2007)1516/2, the contents of which were noted;

- approved, subject to a final linguistic check, the communication set out in COM(2007)726/3 and 4, for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

15. COMMUNICATION FROM THE COMMISSION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – REVIEW OF THE LAMFALUSSY PROCESS: STRENGTHENING SUPERVISORY CONVERGENCE (COM(2007)727 TO /4; SEC(2007)1532)

Mr McCREEVY presented the communication which he was submitting to the Commission for approval and began with a brief outline of the history of the Lamfalussy process and how it worked.

According to Mr McCREEVY, there was general satisfaction with the way the process operated and its contribution to the adoption of high-quality legislation on financial services and closer cooperation between the national supervisors, but it needed to evolve in order to keep pace with the rapid changes in the financial markets.

Mr McCREEVY pointed to the pragmatic nature of the improvements he was proposing, which relate primarily to the surveillance aspect. He particularly stressed the need for better coordination of supervisors and closer convergence in this area in order to ensure greater consistency between the Member States in the implementation of Community law.

The improvements involved a series of changes to the workings of the committees of supervisors, where the internal decision-making procedures, for example, had to be amended to introduce the systematic use of qualified majority voting. He also stressed the need to make these committees more politically accountable to Parliament and the Council, and to ensure that national supervisors have sufficient powers to carry out their duties.

These proposals had been meticulously prepared in order to build a consensus among the Member States and the stakeholders and they combined ambition with realism. He felt that more radical changes would not be feasible in the financial sector at the moment, given the lack of unanimity in Europe about how this sector should be supervised, opinion being divided between supporters of a common supervisory authority for all sectors (banking, insurance and securities) and advocates of separate supervisory authorities. There was also the option of the banks being supervised by the central banks or the possibility of supervision by other authorities.

He felt that any more ambitious proposal might lead to division and thwart any progress in this area. He preferred to change the practices rather than revolutionise them. He would work closely with the ministers and the committees of supervisors to ensure that the new provisions on surveillance kept pace with the changes in the financial markets.

The communication would be considered by the finance ministers at the Economic and Financial Affairs Council on 4 December, and Mr McCREEVY hoped that the conclusions adopted by the Council would enable the proposed reforms to be implemented without delay.

The Commission then held a brief exchange of views, covering the following points:

– the de facto link between this issue and the situation on the financial markets, and the need to take this into account;

– the growing integration of Europe's financial markets and the pressing needs of the sector;

– the difficulties created by the current system, particularly for the big banks operating across national borders, and the importance of simplifying practices, getting rid of over-regulation and promoting better coordination between supervisors and better functioning of the committees;

– a recognition of the limits set by the current legal framework, but also the desire to go further in the future, in line with the demands of certain Member States and certain supervisors.

Mr McCREEVY reiterated that the proposed measures represented a major advance. The Lamfalussy process had already made a very important contribution to financial market surveillance, but the new provisions would do even more. He acknowledged that some Member States favoured more radical change, but others were opposed. The communication under consideration seemed to be pitched at the right level. Finally, he mentioned the ongoing work on insurance, which might ultimately serve as a model for supervision of the banks and other areas of the financial services sector.

The PRESIDENT noted the support of Commission Members for Mr McCREEVY's approach. He also insisted on the importance of the Commission closely following the debate and remaining at the forefront so that it could, if necessary, elaborate the proposed measures at some later point.

The Commission approved the communication in COM(2007)727/4 for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

16. INTERINSTITUTIONAL RELATIONS (CONTINUED FROM ITEM 11)

OTHER BUSINESS (CONTINUED FROM ITEM 11.4)

Treaty of Lisbon

The PRESIDENT reminded the meeting that at the seminar on 13 September the Commission had attached the highest priority to monitoring the process leading to the signing of the Lisbon Treaty and its subsequent ratification.

He believed that the atmosphere among the 27 governments would be excellent for the signing of the Treaty, which would take place in Lisbon on 13 December 2007, as it had been at the informal meeting of Heads of State or Government and the session of the Intergovernmental Conference in Lisbon on 18 and 19 October. He emphasised, however, that the draft Treaty would not acquire a formal status until the signing on 13 December.

In his view, the Commission ought to make a constructive contribution to the ratification process, and with this in mind he proposed that the Commission hold an in-depth discussion of the following aspects: (i) anticipating the implications of the new Treaty for the Commission's work before its entry into force; (ii) internal preparations for its entry into force; and (iii) communication about the new Treaty during the ratification phase.

The PRESIDENT announced that these questions would be on the agenda for the Commission's 1812th meeting on 11 December, just before the new Treaty was signed, in the form of an information note from the PRESIDENT, in agreement with Ms WALLSTRÖM. He also informed Members that he intended to consider a number of more specific issues, particularly the ratification procedures in the various Member States, at the beginning of 2008.

He reiterated his request for Members to exercise the greatest possible discretion in the run-up to the signing of the Treaty, particularly as regards any public statements. He also stressed the importance of not prejudging the entry into force of the Treaty, and of resisting any request to implement certain provisions of the Treaty ahead of time. He urged Commission Members to ensure that the departments for which they were responsible did not enter into any commitment that might prefigure later decisions, at the risk of creating political problems.

Finally, the PRESIDENT welcomed the fact that the Commission's contributions to the work of preparing the new Treaty had been viewed as very important and very positive. He called on the Commission Members to continue this constructive and pragmatic approach during the weeks and months to come.

The Commission took note of this information.

17. OTHER BUSINESS

17.1. STOCKTAKING ON PRODUCT SAFETY (SEC(2007)1568/2)

Ms KUNEVA briefly presented the recent review of product safety, pointing out at the outset that the aim of this approach was exactly the same as that of the re-examination of the single market (see item 12), i.e. to promote the interests of the European public and consumers.

Following the Commission's discussion of 29 August, the departments headed by Mr MANDELSON, Mr KOVÁCS, Mr KYPRIANOU and Ms FERRERO-WALDNER were asked by Mr VERHEUGEN and herself to undertake a comprehensive review of the product safety situation. The aim was to take stock of the situation and identify the strengths and weaknesses of the current European legislative framework, intended to ensure a high level of protection for European consumers, and of the international legal framework, as well as their implementation in practice.

Ms KUNEVA then summarised the results of this exercise and the contact with the main players – economic operators and national authorities of the Member States, and the United States and China. The results had been encouraging, in that they showed that the current European legislative framework worked well, ensured a high level of protection for consumers and facilitated intra-Community trade. Ms KUNEVA noted that while certain sectoral product safety directives (toys and cosmetics) were in the process of being revised, the forthcoming adoption of a new legislative framework for product marketing ought to remedy some of the shortcomings that had been identified. She also stated that, in the absence of any specific safety requirement for batteries in toys, the only provision under which the Commission was able to act in this field vis-à-vis the Member States was Article 13 of the general product safety Directive.

Finally, she mentioned other measures under consideration, such as the introduction of product safety indicators to measure progress by the Member States in this area, as part of the consumer markets scoreboard which she would be presenting to the Commission before the spring 2008 European Council, and the preparation of an initiative with economic operators that went beyond the current legislation and was intended to strengthen European consumer confidence.

During a brief exchange of views, the Commission considered the following points:

- the fact that the European market surveillance system depended entirely on the Member States' authorities;
- the problem of counterfeiting, particularly in certain non-member countries, and the many consequences this had for the Union; the state of the ongoing interinstitutional procedure for adopting a proposal for a directive on this matter, and the progress that had been made in the drafting of proposals for next year, aimed at improving cooperation between the Member States, and particularly mutual administrative assistance and customs cooperation;
- the growing willingness of certain non-member countries to cooperate in exchanging information and resources in order to improve surveillance and border controls, and the need to ensure genuine reciprocity;
- the question of the safety of food products that are traded within the Community;
- the confusion among European consumers about the "CE" marking;
- trade relations between the European Union and China;
- close cooperation with Parliament in the area of product safety.

The PRESIDENT wound up the discussion by saying that the question of trade between the EU and China was receiving special attention and would continue to do so, particularly in view of the upcoming summit on 28 November.

The Commission took note of this information and Ms KUNEVA's briefing note, distributed as SEC(2007)1568/2.

17.2. FOURTH MEETING OF THE COMMISSION ON GROWTH AND DEVELOPMENT (SUZHOU, 12 TO 14 NOVEMBER) (SEC(2007)1580)

The Commission took note of the information note from Ms HÜBNER in SEC(2007)1580.

18. INTERINSTITUTIONAL RELATIONS (CONTINUED FROM ITEMS 11 AND 16)

RELATIONS WITH THE COUNCIL (CONTINUED FROM ITEM 11.2)

Results of the General Affairs and External Relations Council – session on External Relations (Brussels, 19-20 November)

Ms FERRERO-WALDNER reported on the results of the General Affairs and External Relations Council in Brussels on 19 and 20 November 2007 as regards the Middle East and Georgia.

The Council had expressed it support for the peace efforts in the Middle East and the strategy presented by the High Representative for the common foreign and security policy, in agreement with the Commission, in advance of the international conference on 27 November 2007 in Annapolis (United States).

Crucial to the peace process was the political will of all those involved, particularly the Palestinian authorities and the Israeli Government, to contribute to the search for solutions, in compliance with the obligations set down in the road map for peace in the Middle East and their other commitments. She referred specifically to the settlements policy in the occupied territories and the obligations as regards freedom of movement and access. She expressed optimism about the chances of reaching agreement on the unresolved issues, given the commitment by the United States and other international and regional players to a favourable outcome.

Ms FERRERO-WALDNER also drew attention to the importance of the preparatory work for the donors conference to be held in December and to the activities of the special representative for the Middle East peace process, Mr Tony Blair.

She said that the Council had supported the approach aimed at ensuring the development and effective operation of the Palestinian institutions, on the grounds that only a solid and stable Palestinian state could be a reliable partner. However, she reminded the meeting that any European Union aid to the Palestinian authorities was dependent on a number of strict conditions, in particular their cooperation, compliance with their international obligations and a guarantee of the existence of the State of Israel and its security.

European strategy aimed to strengthen cooperation with the Palestinian authorities in policing and police training and to provide support for consolidating the rule of law. In her view, the expenditure earmarked for the Palestinian authority in the 2008 budget will not be sufficient regarding the expected needs.

Ms FERRERO-WALDNER also reported on the situation in Georgia. She regretted that the Georgian authorities had used disproportionate force during the state of emergency that the freedom of the press had been seriously violated and certain basic rights and freedoms had been suspended.

However, she was pleased to note that the state of emergency had been lifted. During her contacts with representatives of the Georgian Government she had insisted on respect for the principles of the rule of law, the holding of regular free elections and the fact that observers would be sent to monitor the elections. She also reiterated the European Union's determination to demand respect for Georgia's territorial integrity.

The Commission took note of this information.

*

*   *

The meeting closed at 12.01 hours.