EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2008)1820 final

Brussels, 5 March 2008

MINUTES

of the 1820th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 27 February 2008

(morning)

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<u>Single sitting</u>: Wednesday 27 February 2008 (morning)

The sitting opened at 09.50 hours with Mr BARROSO, President, in the chair. Items 13 to 16 were chaired by Ms WALLSTRÖM.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 12
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	Items 1 to 9 (in part)
Ms REDING		Items 9 (in part) to 16
Mr DIMAS		Items 1 to 11
Mr ALMUNIA		Items 1 to 11
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL’		
Mr KYPRIANOU		
Mr REHN		Items 1 to 9
Mr KOVÁCS		
Ms KROES		Items 1 to 9 (in part)
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 1 to 13
Mr McCREEVY		Items 1 to 11
Mr ŠPIDLA		
Mr MANDELSON		Items 1 to 13
Mr PIEBALGS		Items 1 to 13
Mr ORBAN		

Absent:

Mr MICHEL	Member
Ms KUNEVA	Member

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

Mr STUCKENS	A member of Mr MICHEL's staff	Items 1 to 13
Mr BELL	Chef de cabinet to Ms KUNEVA	

The following also sat in:

Mr VALE DE ALMEIDA	Chef de cabinet to the PRESIDENT	Items 1 to 12
Ms DURAND	Acting Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	
Mr LAITENBERGER	Commission Spokesman	Items 1 to 9
Ms AHRENKILDE	DG Communication - Spokesman's Service	Items 10 to 16
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	Items 1 to 12
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	
Mr CABRAL	Adviser hors classe in the PRESIDENT's Office	Items 1 to 11
Mr BALDWIN	Adviser in the PRESIDENT's Office	Item 9
Mr SIGNORE	A member of Mr FRATTINI's staff	Item 9 (in part)
Mr BETTANINI	A member of Mr FRATTINI's staff	Items 10 to 16
Ms HOFFMANN	Deputy Chef de cabinet to Ms REDING	Items 1 to 9 (in part)
Mr RALPH	A member of Mr ŠPIDLA's staff	Item 12
Mr KING	Chef de cabinet to Mr MANDELSON	Item 9
Mr PETERS	Deputy Chef de cabinet to Mr MANDELSON	Item 9 (in part)

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

1. AGENDAS
(OJ(2008)1820/3; SEC(2008)237/2)

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(2008)1820)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 25 February 2008.

3. MINUTES OF 1819TH MEETING (19 FEBRUARY 2008)
(PV(2008)1819)

The Commission approved the minutes of its 1819th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST (SEC(2008)265/2; SEC(2008)264)

The Commission adopted the decisions in the recapitulative list (SEC(2008)265/2).

5. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2008)241/3)

ADMINISTRATIVE MATTERS
(PERS(2008)32/2)

5.1. DG INFSO – EXTERNAL PUBLICATION OF VACANCY NOTICE FOR AN AD14 FUNCTION OF DIRECTOR (EU-12) (PERS(2008)33)

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms REDING, the Commission decided to authorise the publication, under Article 29(2) of the Staff Regulations, of the vacancy notice in PERS(2008)33 for the post of Director, ICT addressing Societal Challenges, in the Directorate-General for the Information Society and Media.

This decision would take effect immediately.

5.2. DG RELEX – TERMINATION OF THE INTERNAL SELECTION PROCEDURE FOR AN AD14/15 FUNCTION OF DIRECTOR (PERS(2008)34)

The Commission took note of the procedure followed, as set out in point 2 of PERS(2008)32/2, and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, decided to terminate – without making any appointment – selection procedure COM/2008/396 for the post of Director, Latin America, in the Directorate-General for External Relations.

These decisions would take effect immediately.

5.3. DG RELEX – REINSTATEMENT OF AN AD14 OFFICIAL FOLLOWING LEAVE ON PERSONAL GROUNDS

The Commission took note of the procedure followed, as set out in point 3 of PERS(2008)32/2, and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, decided to reinstate Mr Stefano SANNINO, an AD14 official, in the post of Director, Latin America, in the Directorate-General for External Relations.

This decision would take effect on 1 April.

5.4. INITIAL COMMUNICATION UNDER ARTICLE 50 OF THE STAFF REGULATIONS

The Commission decided to initiate the procedure laid down in Article 50 of the Staff Regulations with respect to an AD16 official.

6. COMMISSION REPORT TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN COURT OF AUDITORS ON THE COMMISSION ACTION PLAN TOWARDS AN INTEGRATED INTERNAL CONTROL FRAMEWORK (COM(2008)110 TO /4; SEC(2008)259; SEC(2008)260)

The Commission approved the report in COM(2008)110/4 for transmission to Parliament, the Council, and the Court of Auditors, together with the scoreboard in the staff paper distributed as SEC(2008)259, the contents of which were noted.

7. COMMISSION DECISION ON A PROCEEDING UNDER ARTICLE 24(2) OF COUNCIL REGULATION (EC) 1/2003 SETTING THE DEFINITIVE AMOUNT OF A PENALTY PAYMENT *(CASE COMP/37.792 – MICROSOFT CORPORATION)* (C(2008)764 TO /9; SEC(2008)294)

The Commission

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 30 November 2007 and 22 February 2008, as set out in C(2008)764/3 and /8 respectively;

- took note of the final report of the Hearing Officer of 25 February 2008 in C(2008)764/9;

- adopted, in the authentic language (English), the decision set out in C(2008)764/5, and the annex distributed as C(2008)764/6, setting at €899 000 000 the definitive amount of the penalty payment imposed by Commission decision C(2005)4420 of 10 November 2005 on the company to which the decision was addressed;

- decided to notify the decision set out in C(2008)764/5, and the annex distributed as C(2008)764/6, to the company 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.

8. RELATIONS WITH THIRD COUNTRIES

8.1. IMPLICATIONS OF CLIMATE CHANGE ON INTERNATIONAL SECURITY (SEC(2008)290 AND /2)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2008)290 and /2.

8.2. VISIT TO FORMER YUGOSLAV REPUBLIC OF MACEDONIA AND REPUBLIC OF MONTENEGRO (PODGORICA AND SKOPJE, 20 AND 21 FEBRUARY 2008)
(SEC(2008)292)

The Commission took note of the information note from Mr FRATTINI in SEC(2008)292.

9. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

9.1. WRITTEN PROCEDURES APPROVED
(SEC(2008)238 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 February 2008.

9.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2008)239 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 25 and 29 February 2008 and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 25 February 2008.

9.3. EMPOWERMENT
(SEC(2008)240 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 18 and 22 February 2008.

9.4. 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 February 2008, as archived in "Greffe 2000" (Registry).

9.5. GENERAL EMPOWERMENT FOR APPOINTING INDEPENDENT EXPERTS TO CARRY OUT INSPECTIONS AND TAKE SAMPLES TO ALLOW THE MOVEMENT OF CERTAIN ANIMAL PRODUCTS ACROSS THE GREEN LINE IN CYPRUS (SEC(2008)271)

The Commission granted the general empowerment as set out in SEC(2008)271 to the Commission Member responsible for enlargement.

9.6. ANTI-DUMPING PROCEEDING CONCERNING IMPORTS OF CERTAIN TYPES OF COMPRESSORS ORIGINATING IN THE PEOPLE'S REPUBLIC OF CHINA (FORMER WRITTEN PROCEDURE E/262/2008) (COM(2008)102 TO /3)

Mr MANDELSON presented the report on the anti-dumping proceeding concerning imports of certain types of compressors from the People's Republic of China, originally submitted for Commission approval by expedited written procedure (E/262/2008). He lamented the fact that this issue had taken on political importance, but was pleased to have the opportunity that day to explain the details of the case to the whole Commission.

He began by explaining that, because of the deadline for adoption of a final Council decision on the case (20 March), the expedited written procedure had had to be used, no particular difficulties having emerged from the interservice consultation.

He then presented the details of the case, stressing from the outset that the market in question, i.e. for domestic air compressors, was dominated by imports, with the Community industry having a market share of about 7% and providing around 200 jobs.

He retraced the history of the anti-dumping proceeding, which had been launched in December 2006 following a complaint by Italian companies. As early as September 2007 the Commission had received an information note presenting the preliminary findings of the investigation. Since Community producers had largely moved their activities to China, the Commission department responsible had recommended not imposing provisional anti-dumping measures.

After thoroughly examining the file, his departments had found only two Community companies that could be considered as being affected by the alleged practices.

Mr MANDELSON also referred to the cost-benefit analysis carried out in accordance with the principle of proportionality. The results of this analysis had been decisive, highlighting a disproportionate cost of around EUR 30 million compared with the positive effects expected, which were evaluated at EUR 7 million. It was on this basis that the department responsible had proposed in December 2007 that the anti-dumping proceeding be terminated.

He insisted that this in no way constituted a precedent, but was merely an instance of applying the legislation in force.

His departments had also been asked to study the potential positive effects which the imposition of anti-dumping duties might have on the offshoring process. However, analysis had shown that such duties could not outweigh the advantages, in terms of costs, of producing the articles in China, particularly given the differential between the anti-dumping duties applicable to Chinese producers and those applicable to Community producers established in China, the latter benefiting from reduced duties as "companies operating in a market economy". He therefore felt that imposing anti-dumping duties might even have the perverse effect of increasing the incentive for offshoring.

He highlighted the experience of his departments in handling this type of case and the importance of basing Commission decisions on objective technical and economic analyses. In this regard he noted that, although the imposition of anti-dumping duties might be legally defensible in this particular case, it would not pass the "Community interest test", as it did not meet the criterion of proportionality or the better regulation requirement.

Finally, he insisted that this case would not in any way alter the rules on trade defence instruments by anticipating reforms that had not yet been undertaken. He reminded the meeting of the broad experience of his departments in handling this type of case and in assessing how to preserve the Community's interests. He argued that there was nothing exceptional about this case and was convinced that the Commission should take its decisions on the basis of objective analyses rather than political contingencies.

The Commission then held a detailed discussion which brought to light the following points:

With regard to the application of anti-dumping rules and the principles underlying Community legislation

- the usual functioning of the procedure and the fact that, in this case, the burden of proof appeared to have been reversed;
- the question of how to interpret the principle of proportionality;
- the risk that this proposal might weaken the anti-dumping instrument and that Community companies might lose confidence, as dumping had been established yet no action had been proposed;

- the question of principle that arose if no action were to be taken against an unfair practice, all the more so since Community interest was being invoked and there was a very specific political context;

- the shift in practice compared with certain recent cases, for example Norwegian salmon, and the importance of taking a consistent policy line and not anticipating a reform not yet undertaken by setting a precedent;

- the invalidity of the argument of the size of the market concerned, this aspect having been treated differently in other cases, in particular the salmon case;

- the various interpretations which could be put on the notion of Community interest;

- the emblematic importance of this case – extending beyond its own merits – in terms of defending the Community interest;

- various opinions regarding the relevance of the cost-benefit arguments employed;

- the comparison that could be drawn with state aid policy and the advisability of applying the same logic in both cases; the role that state aid could play in supporting companies that were forced to adapt to globalisation;

- the obvious need for the Commission to tackle sooner or later the task of drawing up proposals to reform trade defence instruments in order to have a clearly-defined strategy in future;

- a preference in this particular case for imposing anti-dumping measures for a period limited to two years, accompanied by a strict monitoring mechanism;

With regard to jobs, offshoring and socio-economic aspects in general

- the link that could be made between this case and the Lisbon Strategy, given its implications for employment in the companies concerned and also in subcontracting firms and throughout the local, regional or even national economy;

- the role dumping practices had played in encouraging offshoring in this case, and the potential for bringing activities back to Europe in the event of anti-dumping measures;

- the weakness of the argument regarding the indirect and direct benefits of anti-dumping measures for Community industry, particularly in relation to offshoring;

- the risk that failing to impose anti-dumping duties would encourage further offshoring, even beyond the compressors sector;

- the serious social consequences to be expected from a failure to impose anti-dumping duties, which had to be considered by a Commission that wished to be close to its citizens;

- the problem of the public response to such a case given the sensitivity of issues relating to jobs and unfair competition;

- the Commission's role of protecting jobs against unfair practices, given its view that free trade should be seen against the backdrop of fair competition, and the importance of intervening so as not to condone such unfair practices, which contributed to a negative perception of globalisation among the general public;

Further points raised

- the fact that competition was no longer played out just between companies, but also between production sites, as European companies were in any event investing more and more in non-member countries, to the detriment of jobs in the Community;

- as a consequence, the need to take action at Union level to increase the level of knowledge in order to foster competitiveness and create other types of employment, it being acknowledged that it was impossible to maintaining certain jobs in Europe at any cost was not possible;

- the logic of the proposal, given the figures in the case file and in particular the limited number of jobs at stake and the findings of the cost-benefit analysis;

- the costs to consumers if anti-dumping duties were imposed;

- the perverse effect that anti-dumping duties might have of encouraging offshoring given the differential in duties, with Community companies which had moved their activities to China benefiting from the status of "companies operating in a market economy".

In reply to the various comments, Mr MANDELSON first reiterated that his departments had carried out an objective evaluation of the cost-benefit ratio, and reminded the meeting that the market share concerned was only 7%. Unfortunately it was impossible to influence corporate offshoring decisions simply by pursuing anti-dumping measures. Moreover, he insisted on the potential perverse effect arising from the differential in anti-dumping duties applicable to Chinese companies and to Community companies established in China. He restated his full confidence in the analyses carried out by his departments and stressed that there was nothing special about this case which meant that it deserved to be given any special treatment or political significance. This was in no way a precedent marking a change in policy, but an instance of applying the existing rules. In his view, the Norwegian salmon case was not comparable, as it had not involved any offshoring problem. He therefore supported the proposal drawn up by his departments, which seemed to him the most objective and the most watertight from a legal angle.

The PRESIDENT thanked the Commission Members for the standard of the debate, which had brought out the main views on the key issues relating to globalisation and the use that should be made of the policy measures available. He felt that all the arguments put forward were acceptable from different viewpoints.

He reiterated the Commission Members' support for Mr MANDELSON who, as Member responsible for trade, performed one of the most arduous functions in the context of globalisation and whose work deserved everyone's support. He stressed that Mr MANDELSON had always unequivocally defended the Community interest.

In the case at issue, he noted the concerns raised regarding the political perception of this dossier, which had been seen as a precedent and caused divisions between Member States during consultations in the anti-dumping committee. He also placed the discussion in the context of the emerging debate over the reform of trade defence instruments. Since that debate had not yet been concluded, it was important not to appear to anticipate it by reinterpreting the existing rules.

Given the various ways in which Community interest could be interpreted and the possibility of reversing the offshoring argument, the PRESIDENT felt that the solution most likely to obtain the support of the Commission was the proposal put forward during the debate to impose measures for a period limited to two years, accompanied by rigorous monitoring and a commitment to review the situation at the end of that period, on the understanding that the debate on the reform of trade defence instruments would also have to be resumed in due course.

He therefore noted that, taking into consideration all the relevant factors for determining Community interest, the Commission was agreed on the imposition of anti-dumping duties on imports of certain types of compressors from the People's Republic of China for a period of two years.

The Commission therefore decided to propose to the Council that anti-dumping duties be imposed for a period of two years.

It empowered the PRESIDENT and Mr MANDELSON to finalise the proposal, after having obtained and given due weight to the views of industry on the revised proposal, in particular making any necessary adjustments to the rates of duty, where this was warranted under the rules in force, and after once again consulting the Anti-dumping Advisory Committee.

10. COMMISSION COMMUNICATION TO PARLIAMENT AND THE COUNCIL – EUROPE'S FINANCIAL SYSTEM – ADAPTING TO CHANGE (COM(2008)122 AND /2; SEC(2008)267)

11. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A COMMON EUROPEAN APPROACH TO SOVEREIGN WEALTH FUNDS (COM(2008)115 TO /3; SEC(2008)266; SEC(2008)267)

The PRESIDENT presented the communications on Europe's financial system and on sovereign wealth funds, forming items 10 and 11 of these minutes, which he was tabling for approval.

He first spoke of the turbulence on the financial markets since summer 2007, which since then had been a constant concern as regards the impact on the health of the world economy. He referred to the justified expectations that the public had of the EU and its speedy response, particularly the reaction of the European Central Bank to deal with the pressure on the liquidity, and that of the Council (Economic and Financial Affairs), which, in October 2007, had adopted a road map for strengthening financial surveillance and regulation. This made it all the more important to restate at the spring European Council in order to reaffirm that while the Union remained confident, it was also being vigilant and active by taking concrete measures. He was convinced that Europe's determination to tackle the pressures by means of concrete action should be voiced in international forums, as had been done at the informal meeting of the European G7 members in London on 29 January 2008 on the global economy.

Referring to the communication on the financial system, the PRESIDENT stated that it set out the manner in which the Union was acting in this area and that it provided the basis for action by the Member States. He felt that the Union was tackling the financial crisis with solid economic fundamentals, sound public finances, an integrated economy and a desire to ensure real and sustainable growth. These factors were the foundations of the Lisbon strategy for growth and employment, which had thus demonstrated how effective it could be in helping the European economy withstand the recent pressures.

The PRESIDENT then presented the communication on sovereign wealth funds, which was a follow-up to the policy debate the Commission had held on this subject on 5 December. The purpose of the communication was to provide an analysis of this controversial phenomenon and a basis for discussion for the European Council meeting on 13 and 14 March. He emphasised the Commission's position in favour of an open investment regime, which was essential for growth, and stressed the importance of avoiding any protectionist temptations. While recognising that a legislative approach was not appropriate at the present time, he pointed out that the policy debate had highlighted the value of a common European approach that would promote international coordination and work towards a new framework for sovereign funds.

To achieve that objective, the communication set out the principles that could serve as a basis for drawing up an international code of conduct, including the fundamental principles of transparency and governance. He considered that such a code would provide greater clarity in the interest of all stakeholders, from the point of view of the public and of the sovereign wealth funds themselves.

He hoped that the communication would stimulate a debate within the Member States and international forums and help to secure a comprehensive agreement on drawing up a code of conduct, and also coordinate the positions of the Member States so that it would not end with the fragmentation of the internal market. He concluded by thanking the Commission Members who had contributed from the outset in drafting the document, particularly Mr ALMUNIA, Mr McCREEVY, Mr MANDELSON and Mr VERHEUGEN.

After this presentation, the Commission held a brief exchange of views during which the following points were raised:

On the financial crisis

- the need to act at European level in order to respond to the effects of the financial markets crisis on the real economy;
- the complex nature of the financial crisis at international level, the outcome of which would depend in particular on the reaction of the American economy to the measures taken by the American financial and political authorities;
- questions about the accuracy of the analyses produced by the financial rating agencies, most of which were based in the United States, and the case for thinking about ways of improving governance of these agencies and designing European rating instruments;

On sovereign wealth funds

- the value of drawing up a common approach to sovereign wealth funds at European level in order to avoid disparate national replies and to enhance the impact of a coordinated European position in international forums;
- the interest for the Commission of proposing a contribution to forthcoming economic debates, particularly in the March European Council and the informal Council meeting (Economic and Financial Affairs) in April;

- the interest of presenting a common European approach within multilateral bodies such as the International Monetary Fund, the Organisation for Economic Cooperation and Development and G7/G8;
- the need to adopt a cautious approach that did not set up barriers to investments both from sovereign wealth funds and from other sources of investment;
- the need to avoid creating a general negative perception of sovereign funds, in particular not to create any confusion between funds that have been operating legitimately for a long time and those out to promote specific strategic interests;
- the importance of stating the EU's attachment to an economy open to external investment, including sovereign funds, and of recognising the reciprocity of international investment flows;
- the importance of establishing a basis for cooperation with holders of sovereign wealth funds based on mutual trust, in terms of openness to investments on the one hand, and transparency on the other.

Following this discussion, the Commission approved the communication in COM(2008)122/2, for transmission to the European Parliament and the Council, and to the national parliaments.

It also approved the communication in COM(2008)115/3, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

12. INTERINSTITUTIONAL RELATIONS

12.1. LEGISLATIVE MATTERS

i) Action to be taken on Parliament's legislative opinions
(SP(2008)845)

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(2008)845, drawn up following the February I part-session of Parliament, the contents of which were noted.

12.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business
(SI(2008)90/2)

The Commission took note of the information in SI(2008)90/2 on Council meetings between 21 February and 5 March 2008.

12.3. RELATIONS WITH PARLIAMENT

iii) Results of Parliament's February part-session
(SP(2008)1102)

The Commission took note of the information on the proceedings of the part-session of Parliament held in Strasbourg from 18 to 21 February 2008, as set out in SP(2008)1102.

iv) Results of the meeting of Parliament's Committee on Budgetary Control – Discharge to the Commission on the implementation of 2006 budget (Brussels, 25 and 26 February 2008)
(SP(2008)1181)

Ms HÜBNER, Ms FERRERO-WALDNER and Mr ŠPIDLA reported on their appearance before Parliament's Committee on Budgetary Control (COCOBU) on Monday 25 February 2008 at the hearing on the Structural Funds and the reconstruction of Iraq in connection with the 2006 discharge.

The President wound by expressing his satisfaction with the performance of Ms HÜBNER, Mr ŠPIDLA and Ms FERRERO-WALDNER before COCOBU and by thanking all the Commission Members concerned, in particular Mr KALLAS and Ms GRYBAUSKAITĖ and their departments, for their excellent contributions and their support.

He welcomed the very constructive nature of the Commission's cooperation with the discharge authority and with the Court of Auditors. He emphasised the importance of taking into account, in future discharge exercises, the lessons learnt from the present discharge.

He also mentioned the need to insist, at forthcoming contacts between the Commission and the representatives of the United Nations and the World Bank, on rules that would provide maximum transparency as regards funds disbursed via United Nations instruments, given the priority the EU attaches to this matter, and also the size of its financial contributions.

The Commission took note of this information.

13. COMMISSION RECOMMENDATION TO THE COUNCIL TO AUTHORISE THE COMMISSION TO OPEN NEGOTIATIONS ON A FRAMEWORK AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND ITS MEMBER STATES, AND LIBYA (SEC(2008)250 TO /3; SEC(2008)256 AND /2; SEC(2008)257 AND /2; SEC(2008)258)

Ms FERRERO-WALDNER briefly presented the recommendation she was tabling, in agreement with Mr MANDELSON, for negotiation of a framework agreement with Libya.

She placed this phase in the context of the development of relations with Libya following the favourable resolution of the "Benghazi case", emphasising Libya's key role in the Mediterranean and Africa and its wish to strengthen its relations with the European Union. She considered that Libya had demonstrated its wish to rejoin the international community, which she welcomed, and that the launch of negotiations on a new agreement would mark the culmination of the dialogue and reciprocal commitment undertaken in 2004.

She pointed out the high potential of cooperation between the European Union and Libya, particularly in areas such as political dialogue, trade, energy and migration. The Union should forge strong, coherent and long-term contractual relations with Libya covering in particular political dialogue and cooperation in the areas of foreign policy and security, security of energy supply – Libya was a major oil exporter which must, however, establish a long-term strategy with a view to sustainable use of its resources – and the migration issues which were important for both parties. In the area of migration, the agreement should provide for the means of establishing close cooperation on border management, the fight against illegal immigration and people trafficking, legal migration and visa policy, asylum policy and international protection.

Ms FERRERO-WALDNER emphasised that the recommendation proposed that respect for the principles of democracy, human rights and fundamental freedoms should constitute the essential elements of the agreement while at the same time confirming that Libya had proved itself open to this discussion.

Mr MANDELSON pointed out that this was an important step in the integration of Libya in the international community, and that it provided an opportunity of negotiating a free trade agreement. He gave details of the commercial aspects of the draft mandate and said that the Directorate-General of Trade would perform a detailed impact study of the free trade agreement with Libya from the standpoint of its effects on sustainable development.

He highlighted the key contribution made by this type of agreement to the implementation of internal reforms in the partner countries. In the case of Libya, he was convinced that a free trade agreement would also be a major catalyst for political and economic reform.

Following this exchange of views, the Commission approved the recommendation in SEC(2008)250/3 for transmission to the Council, accompanied by the impact study and its summary in the staff papers distributed as SEC(2008)256/2 and SEC(2008)257/2 respectively, the contents of which were noted.

14. PROPOSAL FOR A DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING A MULTIANNUAL COMMUNITY PROGRAMME ON PROTECTING CHILDREN USING THE INTERNET AND OTHER COMMUNICATION TECHNOLOGIES (2009-2013) (COM(2008)106 TO /4; SEC(2008)242; SEC(2008)243; SEC(2008)244; SEC(2008)245)

Ms REDING presented the proposal she was tabling, in agreement with the PRESIDENT, Ms WALLSTRÖM and Mr FRATTINI, for a decision of the European Parliament and of the Council on protecting children using the Internet.

She explained the main objectives of the initiative, which was designed to follow up and develop the current programme, Safer Internet Plus (2005 to 2008), in the framework of a new five-year programme (2009 to 2013) in response to certain recent developments in the Internet and communication technologies, and to better protect children and young people against illegal and harmful content and behaviour.

She mentioned in particular the considerable increase in recent years in the number of young users of Internet forums and chat rooms. Children and young people using such forums were exposed to a significant risk of becoming victims of illegal practices such as "grooming" for sexual purposes or electronic harassment by adults or other young people.

In this connection, she highlighted the generation gap that existed with regard to knowledge of the Internet and of other new means of communication. In general, parents and teachers were less well informed about the Internet than children and young people, particularly as regards the risks entailed in these means of communication, the illegal practices and the precautionary measures that could be taken to combat these practices.

The aim of the proposed programme was to increase the knowledge about the dangers of the Internet both of children and young people and of adults, for example on strategies to prevent the harmful effects of certain forms of cyber-communication.

She referred to the features of the current programme which this proposal is designed develop, such as the actions coordinated at Member State level and the hotlines for combating the harmful content and behaviour in question, which have already achieved considerable success, and the awareness-building campaign, in particular the highly successful "Safer Internet Day", the fifth edition of which was held on 12 February 2008.

Ms REDING told the meeting that the Commission wished to give priority to encouraging initiatives and projects aimed at increasing accountability in the communication industry in order to significantly reduce the dangers of "third-generation" mobile telephones. She welcomed the interest and support already shown by many operators and stressed that the new programme would further reinforce these initiatives and their impact.

During a brief exchange of views, the meeting also discussed the case of suicides and anorexia among young people and certain abusive and criminal practices carried out through the Internet.

The Commission adopted the proposal for a decision of the European Parliament and of the Council in COM(2008)106/4 for transmission to Parliament, the Council, the Economic and Social Committee, the Committee of the Regions the European Data Protection Supervision and the national parliaments, together with the impact assessment and its summary in staff papers SEC(2008)242 and SEC(2008)243 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a decision, as set out in SEC(2008)244.

15. OTHER BUSINESS

15.1. BUDGET IMPLEMENTATION AT 31 DECEMBER 2007 (SEC(2008)263 TO /3; SEC(2008)270)

Ms GRYBAUSKAITĖ briefly presented the note on budget implementation as at the end of 2007 that she was tabling for information.

She welcomed the 2007 results, in particularly the 99% rate of implementation of commitment and payment appropriations. However, these implementation levels took into account the carry-overs and reprogrammings that had been or would be decided on. She referred also to certain areas in which additional efforts were needed in 2008, particularly with a view to preparing the next draft budget. In conclusion, she thanked the Commission members and their departments for their constructive cooperation throughout the past year.

The Commission took note of this information and of Ms GRYBAUSKAITĖ's briefing note in SEC(2008)263/3.

15.2. CONCLUSIONS TO BE DRAWN FROM THE COMMUNICATION CAMPAIGN LAUNCHED AS PART OF THE CELEBRATION OF THE 50TH ANNIVERSARY OF THE SIGNING OF THE TREATIES OF ROME (SEC(2008)272)

The Commission took note of the information note from Ms WALLSTRÖM in SEC(2008)272.

15.3. FINANCIAL IMPLICATIONS OF THE JUDGMENT OF THE COURT OF FIRST INSTANCE OF 17 SEPTEMBER 2007 IN CASE T-201/04 (MICROSOFT CORPORATION v EUROPEAN COMMISSION) (SEC(2008)291)

The Commission took note of the information note from Mr KROES in SEC(2008)291.

16. TRENDS IN THE MEMBER STATES (SEC(2008)299)

Ms WALLSTRÖM drew the Commission's attention to the main issues addressed in the latest information note on trends in the Member States, namely climate change, the situation in Kosovo and the Lisbon strategy for growth and employment. On this last issue, she stressed the need to step up efforts in order to ensure effective communication on the impact of this strategy, which was still not strongly perceived by the media or the public. She also highlighted the importance of responding to Parliament's request for a "citizen's summary" to be systematically attached to the communications submitted, and asked the Commission members to ensure that their departments complied with this practice.

The Commission took note of this information and of Ms WALLSTRÖM's note SEC(2008)299.

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

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The meeting closed at 12.53 hours.