



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

**PV(2008)1840 final**

Brussels, 2 September 2008

**MINUTES**

**of the 1840th meeting of the Commission**

**held in Brussels**

**(Berlaymont)**

**on Wednesday 23 July 2008**

**(morning)**

—

**PV(2008)1840 final**

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**Single sitting: Wednesday 23 July 2008 (morning)**

The sitting opened at 10.07 hours with Mr BARROSO, President, in the chair.

**Present:**

|                    |                |                                           |
|--------------------|----------------|-------------------------------------------|
| Mr BARROSO         | President      |                                           |
| Mr VERHEUGEN       | Vice-President | Item 14                                   |
| Mr BARROT          | Vice-President |                                           |
| Mr KALLAS          | Vice-President |                                           |
| Mr TAJANI          | Vice-President |                                           |
| Ms REDING          |                | Items 10/13 (in part) and 14<br>(in part) |
| Mr DIMAS           |                |                                           |
| Mr ALMUNIA         |                | Items 10/13 (in part) and 14              |
| Mr BORG            |                |                                           |
| Ms GRYBAUSKAITĖ    |                |                                           |
| Mr POTOČNIK        |                |                                           |
| Mr FIGEL'          |                |                                           |
| Mr REHN            |                |                                           |
| Mr KOVÁCS          |                | Items 10/13 (in part) and 14              |
| Ms KROES           |                |                                           |
| Ms FERRERO-WALDNER |                |                                           |
| Mr ŠPIDLA          |                |                                           |
| Mr PIEBALGS        |                | Items 1 to 10/13 (in part)                |
| Ms KUNEVA          |                |                                           |
| Mr ORBAN           |                |                                           |
| Ms VASSILIOU       |                |                                           |

Absent:

Ms WALLSTRÖM

Vice-President

Ms HÜBNER

Mr MICHEL

Ms FISCHER BOEL

Mr McCREEVY

Mr MANDELSON

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

|                |                                       |
|----------------|---------------------------------------|
| Mr LEFFLER     | Chef de cabinet to Ms WALLSTRÖM       |
| Mr LEMAÎTRE    | Chef de cabinet to Ms HÜBNER          |
| Mr ROSA        | A member of Mr MICHEL's staff         |
| Mr FRIIS       | A member of Ms FISCHER BOEL's staff   |
| Ms DE BASALDUA | Deputy Chef de cabinet to Mr McCREEVY |
| Ms WENDT       | A member of Mr MANDELSON's staff      |

The following also sat in:

|                    |                                         |                              |
|--------------------|-----------------------------------------|------------------------------|
| Mr VALE DE ALMEIDA | Chef de cabinet to the PRESIDENT        |                              |
| Ms DURAND          | Acting Director-General, Legal Service  |                              |
| Mr SØRENSEN        | Director-General, DG Communication      |                              |
| Mr LAITENBERGER    | Commission Spokesman                    |                              |
| Ms CARVALHO        | Bureau of European Policy Advisers      |                              |
| Mr THEBAULT        | Deputy Chef de cabinet to the PRESIDENT | Items 10/13 (in part) and 14 |
| Ms MARTINHO        | Chief adviser in the PRESIDENT's Office | Items 10/13 (in part) and 14 |
| Ms ERLER           | Chef de cabinet to Mr VERHEUGEN         | Items 1 to 13                |
| Mr LE BRET         | Chef de cabinet to Mr BARROT            | Items 1 to 13                |
| Mr STROHMEIER      | Chef de cabinet to Ms REDING            | Items 1 to 10/13 (in part)   |
| Mr KESTERIS        | Chef de cabinet to Mr PIEBALGS          | Items 10/13 (in part)        |
| Mr BELL            | Chef de cabinet to Ms KUNEVA            | Items 1 to 13                |
| Mr SERVOZ          | Secretariat-General                     | Items 1 to 13                |
| Ms GOLBERG         | Secretariat-General                     | Items 10/13 (in part)        |

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

**1. AGENDAS**

**(OJ(2008)1840/3; SEC(2008)2313/2)**

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)1840 AND /2)**

The Commission considered the Secretary-General's report on the weekly meetings of Chefs de cabinet held on Friday 18 July and Tuesday 22 July.

**3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1837<sup>TH</sup> AND 1839<sup>TH</sup> MEETINGS OF THE COMMISSION (2 AND 16 JULY)**

**(PV(2008)1837 TO /3; PV(2008)1837, PART II; PV(2008)1839; PV(2008)1839, PART II)**

The Commission approved the minutes of its 1837<sup>th</sup> and 1839<sup>th</sup> meetings.

**4. INTERINSTITUTIONAL RELATIONS**

**(SEC(2008)2312)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Thursday 17 July (SEC(2008)2312).

It paid particular attention to the following:

#### **4.1. LEGISLATIVE MATTERS**

##### **i) Codecision procedure**

(point 1.2.1 of the IRG record)

##### 1<sup>st</sup> reading – Progress report

- Sustainability criteria for biofuels - Specifications for petrol, diesel and gas-oil, and promotion of the use of energy from renewable sources (Directives) – CORBEY and TURMES Reports – 2007/0019 (COD) and 2008/0016 (COD)

The Commission authorised its departments to intervene in the Council bodies that week following the line set out in SI(2008)1238.

##### **ii) Preparation for September I part-session of Parliament**

(point 1.3 of the IRG record)

In accordance with the rules in force, the Commission authorised the Commission Members responsible, in agreement with the PRESIDENT and Ms WALLSTRÖM and any other Members associated, to take a position on Parliament's amendments to its proposals.

It considered the following in particular:

##### Codecision – 1<sup>st</sup> reading

- Use of the visa information system (VIS) under the Schengen borders code (Regulation) – BREJC Report – 2008/0041 (COD)

The Commission approved the line set out in SP(2008)4242.

- Youth in Action Programme (2007-2013) (Decision) / Culture Programme (2007-2013) (Decision) / Action Programme in the field of education and lifelong learning (Decision) / Europe for the Citizens Programme to promote active European citizenship (2007-2013) (Decision) – BATZELI

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Reports – 2008/0023 (COD) / 2008/0024 (COD) / 2008/0025 (COD) / 2008/0029 (COD).

The Commission approved the line set out in SP(2008)4243.

- Common regulatory framework for electronic communications networks and services, access to and interconnection and authorisation of such networks and services (Directive) / Universal service, users' rights relating to networks and services, processing of personal data, protection of privacy, consumer protection cooperation (Directive) / Creation of the European Electronic Communications Market Authority (Regulation) – TRAUTMANN / HARBOUR / DEL CASTILLO Reports – 2007/0247 (COD) / 2007/0248 (COD) / 2007/0249 (COD).

The Commission approved the line set out in SP(2008)4244/4.

- Type-approval of hydrogen-powered motor vehicles (Regulation) – WEISGERBER Report – 2007/0214 (COD).

The Commission approved the line set out in SP(2008)4474.

- Code of conduct for the use of computerised reservation systems (Regulation) – KIRKHOPE Report – 2007/0243 (COD).

The Commission authorised Mr TAJANI to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SP(2008)4475 and /3.

- Classification, labelling and packaging of substances and mixtures (Global Harmonised System) (two Regulations and one Decision) – SARTORI Reports – 2007/0121 (COD) / 2007/0213 (COD) / 2007/0212 (COD)

The Commission approved the line set out in SP(2008)4480.

#### **4.2. RELATIONS WITH THE COUNCIL**

##### **iii) Programming of Council business**

(SI(2008)1195)

The Commission took note of the information in SI(2008)1195 on the Council meetings between 17 and 30 July.

#### **4.3. RELATIONS WITH PARLIAMENT**

##### **iv) Action taken on Parliament's non-legislative resolutions**

(point 3.4.2 of the IRG record)

The Commission approved document SP(2008)4438 on the action taken on the non-legislative resolutions adopted by Parliament at its June I part-session, for transmission to Parliament.

##### **v) Action taken on Parliament's legislative opinions and non-legislative resolutions**

(point 3.4.3 of the IRG record)

The Commission approved document SP(2008)4439 on the action taken on Parliament's legislative opinions and non-legislative resolutions adopted at its June I and II part-sessions, for transmission to Parliament.

#### **4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS**

##### **vi) Action taken on opinions of the European Economic and Social Committee – First quarter 2008**

(point 4.1 of the IRG record)

The Commission approved the replies to the opinions adopted by the European Economic and Social Committee during the first quarter of 2008

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contained in the document distributed as SC(2008)31, for transmission to the European Economic and Social Committee.

## **5. MONITORING THE APPLICATION OF COMMUNITY LAW**

### **5.1. STATE AID – INDIVIDUAL CASES – RECAPITULATIVE LIST (SEC(2008)2339 AND /2)**

The Commission adopted the decisions in the recapitulative list (SEC(2008)2339/2).

### **5.2. INFRINGEMENTS – RESULTS OF THE FIRST BI-ANNUAL COHERENCE MEETING – 01/08 (SEC(2008)2325; SEC(2008)2342)**

The Commission took note of the information from the PRESIDENT in SEC(2008)2325.

## **6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS**

### **6.1. WRITTEN PROCEDURES APPROVED (SEC(2008)2315 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 July.

### **6.2. EMPOWERMENT (SEC(2008)2316 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 14 and 18 July.

**6.3. DELEGATION AND SUBDELEGATION OF POWERS**  
**(SEC(2008)2317 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 14 and 18 July, as archived in e-Greffe.

**6.4. DELEGATION OF POWERS IN THE FIELD OF JUSTICE, FREEDOM AND SECURITY – DAPHNE III PROGRAMME**  
**(SEC(2008)2354)**

The Commission decided to delegate powers to the Director-General for Justice, Freedom and Security for the adoption, on behalf of the Commission and under its responsibility, of measures for the implementation of the specific programme intended to prevent and combat violence against children, young people and women and to protect victims and groups at risk (Daphne III programme), in accordance with the terms laid down in SEC(2008)2354.

**6.5. DELEGATION OF POWERS IN THE FIELD OF JUSTICE, FREEDOM AND SECURITY – FUNDAMENTAL RIGHTS AND CITIZENSHIP PROGRAMME**  
**(SEC(2008)2353)**

The Commission decided to delegate powers to the Director-General for Justice, Freedom and Security for the adoption, on behalf of the Commission and under its responsibility, of measures for the implementation of the Fundamental Rights and Citizenship Programme, in accordance with the terms laid down in SEC(2008)2353.

**6.6. SENSITIVE WRITTEN PROCEDURES**  
**(SEC(2008)2318)**

The Commission took note of the sensitive written procedures for which the time limit expired between 22 and 25 July and of the "finalisation" written

procedure initiated following the first part of the weekly meeting of Chefs de cabinet on 18 July.

## **7. ADMINISTRATIVE AND BUDGETARY MATTERS**

**(SEC(2008)2314/2)**

### **ADMINISTRATIVE MATTERS**

**(PERS(2008)104/2)**

#### ***7.1. DG DEVELOPMENT – APPOINTMENT OF AN AD14/15 DIRECTOR (PERS(2007)117 TO /3)***

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of Directorate ACP II – West and Central Africa, Caribbean and OCTs - in DG Development and Relations with African, Caribbean and Pacific States (PERS(2007)117).

The Commission took note of the opinions of the Consultative Committee on Appointments of 26 November 2007 and 10 January 2008 (PERS(2007)117/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr MICHEL, it then decided to appoint Mr Manuel LÓPEZ BLANCO to the vacant post.

Without prejudice to this decision, the Commission also noted the qualifications of Ms Marie-Anne CONINSX.

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

**7.2. DG RELEX – APPOINTMENT OF AN AD14/15 DIRECTOR  
(PERS(2008)13 TO /5)**

The Commission had before it the list of applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the Eastern Europe, Southern Caucasus and Central Asian Republics Directorate in DG External Relations (PERS(2008)13 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 28 April and 10 July 2008 (PERS(2008)13/3 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered the applicants' ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, it then decided to appoint Mr Gunnar WIEGAND to the vacant post.

Notwithstanding this decision, the Commission also noted the qualifications of Mr Joost KORTE.

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

**7.3. LEGAL SERVICE – APPOINTMENT OF AN AD14/15 PRINCIPAL  
LEGAL ADVISER  
(PERS(2007)125 TO /3)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Principal Legal Adviser responsible for the Trade Policy and World Trade Organisation team in the Legal Service (PERS(2007)125).

The Commission took note of the opinions of the Consultative Committee on Appointments of 4 December 2007 and 24 January 2008 (PERS(2007)125/2 and /3).

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The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT, it then decided to appoint Mr Ulrich WOELKER to the post.

Notwithstanding this decision, the Commission also noted the qualifications of Mr Eric WHITE.

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

#### **7.4. *DG RELEX – APPOINTMENT OF AN AD15 HEAD OF DELEGATION***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of head of the Commission Delegation in Thailand by transferring in the interest of the service Mr David LIPMAN, an AD15 official currently Director of the Headquarters Resources, Information, Interinstitutional Relations Directorate. In accordance with diplomatic practice, this decision was subject to the agreement of the host country.

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

#### **7.5. *DG INTERNAL MARKET AND SERVICES – APPOINTMENT OF AN AD15 DIRECTOR***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr McCREEVY, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Director of the Horizontal Policy Development Directorate in DG Internal Market and Services by transferring in the interest of the service Ms Emer DALY, an AD15 official currently Permanent Rapporteur to the Consultative Committee on Appointments in DG Personnel and Administration.

This decision would take effect on 1 October 2008.

**7.6. DG PERSONNEL AND ADMINISTRATION – APPOINTMENT TO THE AD15 POST OF PERMANENT RAPPORTEUR TO THE CONSULTATIVE COMMITTEE ON APPOINTMENTS**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission decided, under Article 7 of the Staff Regulations, to fill the post of Permanent Rapporteur to the Consultative Committee on Appointments in DG Personnel and Administration by transferring in the interest of the service Mr Henk POST, an AD15 official currently Director in the Planning, Administrative Support and Communication Directorate of DG Internal Market and Services.

This decision would take effect on 1 October 2008.

**7.7. DG ENLARGEMENT – AMENDMENT OF THE ORGANISATION CHART, APPOINTMENT OF A CHIEF ADVISER AND APPLICATION FOR LEAVE ON PERSONAL GROUNDS OF AN AD14 OFFICIAL**

The Commission took note of the information in point 7 of PERS(2008)104/2 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr REHN, decided:

- to create a post of Chief Adviser in DG Enlargement;
- to fill this post, under Article 7 of the Staff Regulations, by transferring in the interest of the service Mr Christian DANIELSSON, an AD14 official currently Director of the Croatia, Former Yugoslav Republic of Macedonia, Turkey Directorate in DG Enlargement;
- to approve the application for leave on personal grounds, under Article 40 of the Staff Regulations, presented by Mr Christian DANIELSSON, for a renewable period of one year;
- to abolish the post of Chief Adviser after six months, given that a post that becomes vacant as a result of a period of leave on personal grounds of six

months or more is considered to be vacant from the first day of this leave, in accordance with Article 6 of Decision C(2004)1597.

These decisions would take effect on 1 September 2008.

**7.8. *DG ENERGY AND TRANSPORT – FURTHER IMPLEMENTATION OF THE EUROPEAN SATELLITE RADIO NAVIGATION PROGRAMMES (EGNOS AND GALILEO) – NEW DUTIES AND TRANSFER OF FUNCTIONS OF THE GALILEO SURVEILLANCE AUTHORITY TO THE COMMISSION***  
***(C(2008)3923)***

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, Mr TAJANI and Ms GRYBAUSKAITĖ, the Commission adopted the decision set out in C(2008)3923.

**8. *PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING TRADE IN SEAL PRODUCTS (COM(2008)469 TO /6; SEC(2008)2290 AND /2; SEC(2008)2291; SEC(2008)2292; SEC(2008)2305)***

The Commission adopted the proposal for a Regulation in COM(2008)469/6 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by the impact assessment and the summary thereof in staff papers SEC(2008)2290/2 and SEC(2008)2291, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2008)2292.

**9. RELATIONS WITH THIRD COUNTRIES**

**9.1. COOPERATION BETWEEN THE EU AND TURKEY FOR THE  
DEVELOPMENT OF THE PIPELINE BETWEEN THE CASPIAN SEA  
AND THE EU  
(SEC(2008)2355)**

The Commission took note of the information from Mr PIEBALGS in SEC(2008)2355.

**9.2. VISIT TO ISRAEL AND THE PALESTINIAN TERRITORIES (TEL  
AVIV, BEERSHEBA, ACRE, JERUSALEM, RAMALLAH, NABLUS,  
JULY 14 TO 17)  
(SEC(2008)2357)**

The Commission took note of the information from Mr FIGEL' in SEC(2008)2357.

**10. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT  
AND THE COUNCIL ON PROGRESS IN ROMANIA UNDER THE  
COOPERATION AND VERIFICATION MECHANISM  
(COM(2008)494 TO /3; SEC(2008)2349 AND /2)**

**11. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT  
AND THE COUNCIL ON PROGRESS IN BULGARIA UNDER THE  
COOPERATION AND VERIFICATION MECHANISM  
(COM(2008)495 TO /3; SEC(2008)2350 AND /2)**

**12. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE MANAGEMENT OF EU FUNDS IN BULGARIA**

**(COM(2008)496 TO /3)**

**13. COMMISSION DECISION ON WITHDRAWING ACCREDITATION TO MANAGE "PHARE" AID PROGRAMMES IN BULGARIA FROM THE CENTRAL FINANCE AND CONTRACTING UNIT AND THE IMPLEMENTING AGENCY OF THE MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS, AMENDING DECISION C(2007)3142 ON THE DELEGATION OF THE MANAGEMENT OF "PHARE" AID**

**(C(2008)3937 AND /2)**

The PRESIDENT presented the package of documents being tabled and began by reminding the meeting of the discussions in 2006 on the timetable for the accession of Bulgaria and Romania, when, even though it was aware of the obstacles that still had to be overcome, the Commission felt accession should take place on 1 January 2007 rather than waiting until the outstanding problems had been resolved. At the time the main concerns had been about the problems the two countries faced in adapting their legal systems and fighting corruption. Bulgaria also had to tackle organised crime.

The PRESIDENT pointed out that the Commission and the Member States believed then that these problems could be overcome, while at the same time recognising that the situation needed to be monitored and that Bulgaria and Romania should continue to enjoy the Commission's full support. In the light of these conclusions a cooperation and verification mechanism had been set up, which included a commitment to present a progress report to Parliament and the Council every six months. The reports being presented now were the third of their kind and had been produced on the basis of information provided partly by the Bulgarian and Romanian authorities and partly resulting from missions in these two countries carried out by high-level experts from various Member States.

He added that in the course of the preparation of the report on Bulgaria a great deal of information had been received from several Commission departments, pointing to the serious problems Bulgaria was having in managing Community funds. These contributions were included in a separate report because the management of funds was not covered by the cooperation and verification mechanism. In addition, a specific decision had had to be drawn up on the management of funds under the PHARE programme. He emphasised that this move was also prompted by the fact that the Commission had to express its concern, given the importance of these issues for the Court of Auditors, Parliament and European public opinion.

While noting that neither of the reports on progress under the cooperation and verification mechanism painted an ideal picture, the PRESIDENT stressed the specific nature of each situation. He reviewed the main findings and conclusions of each of the reports.

The PRESIDENT emphasised that the Commission wanted to help both Romania and Bulgaria to deal with these difficult issues; it was in the common interests of both these Member States and the Commission to take the reforms forward. This was why the Commission was stressing cooperation not penalties, and was not recommending the application of safeguard measures at this stage. He reminded the meeting that the commitment of both of the Member States concerned was needed to make the best use of the aid provided and, in this respect, the situation was significantly different in Romania and Bulgaria, in that the latter was experiencing very serious difficulties in absorbing the Community funds and ensuring their effective and sound financial management.

In this connection he mentioned the Commission's responsibility in terms of financial management towards the European taxpayer and the Court of Auditors, and the need, therefore, to ensure that Community funds were correctly used in Bulgaria. The situation here was not satisfactory, and the Bulgarian authorities had been unable to provide the necessary guarantees regarding the sound management of the funds paid under the PHARE programme and the transition facility. He explained that a decision had therefore been prepared by Mr REHN and his

departments, withdrawing the accreditation to manage the PHARE aid programmes and the transition facility from two Bulgarian agencies. Investigations had also been carried out by the Anti-Fraud Office (OLAF) into agricultural and infrastructure programmes, resulting in the suspension of some of these programmes.

The Government was, however, taking steps to remedy the situation, by appointing a new deputy Prime Minister charged with solving these problems and a new Director of the audit authority, and by starting work on a bill to deal with conflicts of interest. The PRESIDENT recommended helping Bulgaria in its efforts and stated that it should immediately take the necessary measures to put in place appropriate management and control mechanisms to enable it to benefit from the substantial Structural Fund aid provided for this purpose under the financial perspective. The Commission should also encourage other Member States to help Bulgaria to fulfil its responsibilities as a Member State, and everything possible should be done to prevent the situation deteriorating.

The PRESIDENT concluded by emphasising that the decision on Bulgaria was reversible. He stressed the importance, on the one hand, of maintaining the credibility of EU enlargement and demonstrating the rigorous standards required of the management of Community funds and, on the other, the need to help Bulgaria and Romania to create the necessary conditions to enable their citizens to derive the full benefits from EU membership.

Mr BARROT, for his part, welcomed the spirit of cooperation and understanding in which the reports had been prepared and thanked the Commission departments and Members' offices concerned for their work. He, too, noted the contrasting findings: reassuring for Romania, although the reforms were too recent to have had their full effect yet, and more gloomy for Bulgaria where, despite certain formal improvements, the legal system was not capable of effectively fighting corruption.

He felt that, in the latter case, the application of the safeguard clauses would be counterproductive, but it was important to maintain pressure while at the same time continuing monitoring and control. He mentioned the example of the measures taken by the Commission in the field of air transport, which had made it possible to

secure results, and pointed out that the decision to withdraw accreditation could be reversed in the event of significant progress by Bulgaria.

Mr BARROT concluded by pointing to the objective and balanced nature of the dossier, which sent a clear message to the national authorities that combined vigilance and encouragement. In his view, the Bulgarian and Romanian authorities would be the first to benefit from any progress that could be achieved in fighting corruption, which was a real obstacle to investment for these countries.

Mr REHN then presented the decision on withdrawing accreditation from two Bulgarian agencies under the PHARE programme and the transition facility, after first mentioning the fact that the arrest of Mr Radovan Karadzic on Monday 21 July demonstrated the effectiveness of the policy of conditionality. The decision proposed for Bulgaria was the result of a rigorous process of monitoring the country's implementation of the pre-accession funds, which had entailed close contacts with the national authorities. Mr REHN pointed out that the departments under his responsibility had detected serious management irregularities, particularly in the case of two agencies, the Ministry of Regional Development and Public Works and the Central Finance and Contracting Unit. OLAF was currently investigating about 30 cases of alleged fraud in the PHARE programme alone.

He reminded the meeting that payments to the two agencies had been suspended in February 2008 as a precaution. Despite numerous contacts with the Bulgarian authorities over the past few months, it had not been possible entirely to eliminate these weaknesses and problems, with the result that other corrective measures had had to be introduced. He stressed in this respect that the proposed decision should not be regarded as a sanction, but as a necessary and proportionate measure intended to protect the financial interests of the Union and the credibility of the Commission vis-à-vis the budgetary authority and the European Court of Auditors.

Mr REHN referred in this connection to the draft report of the European Court of Auditors for 2007 which mentioned the management of funds in Bulgaria in relation to the pre-accession funds. The issue would also be raised in connection with the

2007 discharge, and the Commission could not afford to be accused of complacency on this issue during this procedure.

He pointed out that the proposed decision would not have an immediate financial impact on Bulgaria, but that it indirectly affected about EUR 250 million already granted to that Member State and for which contracts still had to be awarded. In this connection he pointed out that for the majority of these funds the deadline for signing contracts was 30 November 2008. He also stressed the reversible nature of the proposed measure, which meant that, by acting quickly, the Bulgarian authorities could reduce its impact in terms of possible financial losses. He felt that this possibility of reversing the decision should be an important incentive to the Bulgarian authorities to act immediately.

In Mr REHN's view the corrective measures requested were clear and practicable; the annex to the decision laid down the conditions for restoring accreditation.

In response to questions raised during the preparations of the decision, he felt that delaying the entry into force of the decision by a few weeks would not be a satisfactory solution and would potentially reduce the motivation to act, thus increasing the risk of Bulgaria losing the benefits of Community funding. He also stressed the risks this would pose to the Commission's credibility in the eyes of the Court of Auditors and the budgetary authority. As regards the proposed inclusion of a "rendez-vous" clause, he confirmed that he and his staff were available at any time to re-evaluate the situation, whenever the Bulgarian authorities felt ready to do so and, in view of this, felt it would serve no purpose to set a specific date.

Mr REHN concluded by indicating that he had met the new deputy Prime Minister responsible for the management of Community funds, Ms Meglena Plougchieva, a few weeks ago, and had on that occasion been impressed by her personal commitment and the commitment of the Prime Minister to resolving these issues. He stressed, however, the importance of matching this commitment with practical action.

During the discussion which followed these presentations a number of points were made:

- solid support for the firm approach adopted in the decision on withdrawing accreditation, which was seen as the only possible option in terms of sound financial management and the best solution to the specific problem affecting Bulgaria;
- the Commission's responsibility to the budgetary authority, the Court of Auditors and also the European taxpayer, to ensure the sound management of the funds allocated;
- the positive experience of the pre-accession period, when the most stringent requirements which the Commission placed on certain candidate countries also proved to be the most productive in terms of securing tangible progress;
- a reminder that measures to suspend payments had also been taken before, in other contexts, in respect of other Member States, which confirmed that all Member States were treated with the same firmness, regardless of how long they had been members of the EU;
- the value of the measures taken by the Commission to promote far-reaching change in these countries for the sake of future generations, in particular;
- the need to apply the same rigour in the areas under consideration as in other Community policies, such as competition;
- the importance of maintaining the credibility of the EU's enlargement policy and, therefore, of insisting on the strict application of the rules in force and of showing that the EU has mechanisms and rules that can be applied both before and after accession;
- a reminder that the decision withdrawing accreditation would at least enable the Bulgarian agencies to continue their work, pending an improvement in the situation that could lead to the decision being repealed;

- the need, in the context of enlargement policy, to explain clearly that the decision on Bulgaria did not in any way represent a change in the conditions imposed on the candidate countries;
- the importance in the communication relating to this matter of highlighting the fact that everyone – and first and foremost Bulgarian citizens - stood to gain from sound financial management;
- the need, more generally, for particularly careful communication on this whole matter, and the concerns raised by the fact that preliminary versions of both reports had appeared in the press.

Further points raised:

- the attention the matter had received in Bulgaria, the unprecedented nature of the decision and the potential financial implications of the withdrawal of accreditation; the payment suspension measures already taken by the Bulgarian authorities, which demonstrated their active commitment and the possible case for extending the deadline for the decision to come into effect;
- the sensitivity of public opinion and expectations in the Member States that joined in the two most recent enlargements;
- the importance of producing a roadmap for the future as soon as possible, in cooperation with the Bulgarian authorities, aimed at correcting the weaknesses observed, with a view to issuing new authorisations very soon;
- the merits of amplifying the message of encouragement to the Bulgarian authorities in the dossier;
- the need to consider the possibility of sending a representative or expert to Bulgaria who could quickly make a practical contribution to redressing the shortcomings observed.

The PRESIDENT closed the discussion by emphasising the value of a rigorous and credible approach which would be beneficial to both the Bulgarian authorities and the Bulgarian people. He referred again to the Commission's budgetary accountability and the need to act accordingly, while at the same time encouraging Bulgaria to introduce the necessary adjustments as soon as possible so that accreditation could be restored. He also mentioned the possibility the agencies still had of continuing to prepare contracts in anticipation of the withdrawal decision being repealed.

He concluded by stressing the gravity of the situation and expressing the hope that the Bulgarian authorities would see this decision as an incentive to act, and insisting that the Bulgarian population should not feel that they are the target of this decision, which concerned very specific problems. In order to give even greater prominence to the aim of providing encouragement and the willingness to cooperate that motivated the Commission, the PRESIDENT suggested adding the following sentence to the end of the report on progress in Bulgaria under the cooperation and verification mechanism: *"Bulgaria can count on the full and active support of the Commission in this process"*.

Following this discussion the Commission:

- adopted the report on Romania in COM(2008)494/2, for transmission to Parliament and the Council, and to national parliaments, accompanied by the technical document distributed as SEC(2008)2349/2, the contents of which were noted;
- adopted the report on Bulgaria in COM(2008)495/2, subject to final revision and the addition of the sentence *"Bulgaria can count on the full and active support of the Commission in this process"* to the final paragraph of page 7 of the document in English. It would then be transmitted to Parliament and the Council, and to national parliaments, accompanied by the technical document distributed as SEC(2008)2350/2, the contents of which were noted;

- adopted, subject to final revision, the report on the management of EU funds in Bulgaria in COM(2008)496/2, for transmission to Parliament and the Council, and to national parliaments;
- adopted the decision set out in C(2008)3937/2, subject to a final linguistic revision, the Bulgarian language version being the authentic text, and decided to notify it to the Bulgarian Government.

## **14. OTHER BUSINESS**

### ***14.1. DISCHARGE 2007 AND LESSONS LEARNT FROM THE DISCHARGE OF THE 2006 BUDGET***

***(SEC(2008)2241 AND /2; SEC(2008)2351; SEC(2008)2243)***

Mr KALLAS reviewed the lessons learnt from the discharge procedure for the 2006 budget and reported on the preparatory work for the procedure for the 2007 financial year.

He noted that, although the lessons from the 2006 discharge remained relevant for subsequent discharge procedures, the Commission and its departments would also have to pay particular attention to the specific features of the 2007 discharge, given the context in which the work would have to be carried out and particularly the fact that this would be the last exercise in the life of the present Parliament.

He briefly reminded the meeting of the action taken in the Commission and its departments in response to the 2006 discharge and urged Commission Members to ensure that the commitments made to the discharge authority were fully complied with. He also summarised the next stages of the 2007 discharge procedure, up until the end of 2008, and particularly the hearings that would take place before the Parliamentary bodies. In his view the initial contacts that had already taken place between representatives of the

Commission and the discharge authority had been very constructive and positive.

Mr KALLAS thanked the Commission Members and their departments for their excellent and close cooperation during the 2006 discharge procedure and their constructive work with the representatives of the discharge authority and urged them to continue in the same vein in the months to come, both with a view to closing the 2006 discharge procedure and as regards the 2007 discharge.

The PRESIDENT also stressed the importance of the discharge work for the Commission's public and political image. He particularly endorsed Mr KALLAS's comments on the specific political context of the 2007 discharge and the particular challenges resulting from this.

He pointed out that no positive statement of assurance had yet been issued for previous discharge exercises, which made it all the more necessary constantly to improve the results of the Court of Auditors' annual reports. He stressed the importance of thoroughly preparing the 2007 discharge procedure and particularly the hearings of several Commission Members and the Secretary-General before Parliament's Committee on Budgetary Control, which had already been scheduled for after the summer break. Finally, he urged all the Commission Members to give serious thought to the 2007 discharge exercise over the coming months.

Mr POTOČNIK also spoke of the importance of the dossier and endorsed the comments of Mr KALLAS and the PRESIDENT. He mentioned his hearing before Parliament's Committee on Budgetary Control on 14 July and, for his part, stressed the importance of close cooperation with the discharge authority, particularly in the field of research.

He mentioned certain differences between the scope of the hearings conducted by the Court of Auditors and the Commission departments, the latter covering an even broader range and variety of cases than those covered

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by the Court of Auditors. He also pointed out that the number of hearings conducted by the Commission departments in the field of research had almost doubled between 2006 and 2007, reaching a total of 684 in 2007.

Mr POTOČNIK pointed to the importance of a proactive approach to the hearings, the need for an in-depth analysis of the implementation of and long-term follow-up to the results of the hearings, which would also look at changes in the methodology and instruments. There was a need, too, for close contacts with representatives of the discharge authority and active communication with all the interested parties. Simplification and cost-effectiveness were also important aspects of the audit measures carried out, and these matters could be the subject of a constructive dialogue with the discharge authority. This would, however, also require accurate figures to be produced on the amounts recovered.

A brief exchange of views followed, in the course of which comments were made in particular about the results of the hearings as regards the EU's contributions to the UN and World Bank trust funds and the action taken by the Commission departments in recent months in response to the results of the hearings in this area.

The Commission took note of this information and of the information notes from Mr KALLAS and Mr POTOČNIK distributed as SEC(2008)2241/2 and SEC(2008)2351 respectively.

**14.2. VISIT TO THE EUROPEAN FOOD SAFETY AUTHORITY (PARMA, 17-18 JULY)**  
**(SEC(2008)2356)**

The Commission took note of the information from Ms VASSILIOU in SEC(2008)2356.

**14.3. PREPARATION OF THE STAND-BY ARRANGEMENTS FOR  
SUMMER 2008 (26 JULY – 31 AUGUST)**

Ms FERRERO-WALDNER reported briefly on the results of the General Affairs and External Relations Council meeting in Brussels on 22 and 23 July and drew the Commission's attention to the likely and imminent adoption by the Council of a common position and Council Regulation to implement UN Security Council Resolution 1803 of 3 March 2008 on measures to persuade Iran to comply with Security Council resolutions and the demands of the International Atomic Energy Agency. She noted that the proposal for a Council Regulation should shortly be adopted by the Commission under the accelerated written procedure.

Mr REHN then informed the Commission that a ruling was expected soon in the case currently being heard in Turkey against the ruling Justice and Development Party (AKP) and that this could lead to the AKP being banned by the Turkish Constitutional Court.

The PRESIDENT reminded the meeting of the arrangements that had been made for stand-by cover and decision-making between 26 July and 31 August, when the Commission would not be meeting, unless he decided otherwise. He asked Commission Members to ensure that they could be contacted and were available during this period in case anything arose that required a meeting or bilateral contacts between Commission Members.

The Commission took note of this information.

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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 12.18 hours