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MINUTES
of the 1850th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 5 November 2008
(morning)

PV(2008)1850 final

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Single sitting: Wednesday 5 November 2008 (morning)

The sitting opened at 9.15 with Mr BARROSO, President, in the chair. Item 11 (in part) was chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Items 1 to 11 (in part) and 12 to 14
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 10 (in part) to 14
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Ms REDING		Items 1 to 11
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		Items 10 to 14
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr REHN		Items 1 to 11
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Ms FERRERO-WALDNER		Items 1 to 14 (in part)
Mr McCREEVY		
Mr ŠPIDLA		Items 1 to 14 (in part)
Mr PIEBALGS		Items 1 to 11 and 14
Ms KUNEVA		
Mr ORBAN		Items 1 to 14 (in part)
Ms VASSILIOU		Items 1 to 11 (in part)
Baroness ASHTON		

Absent:

Mr BORG

Mr MICHEL

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

Mr KOEHLER	Chef de cabinet to Mr BORG
Mr DOENS	Chef de cabinet to Mr MICHEL

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	Items 1 to 11 (in part)
Ms AHRENKILDE	DG Communication – Commission Spokesman's Service	Items 11 (in part) to 14
Mr GASPAR	Acting Director-General, Bureau of European Policy Advisers	
Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	Items 11 (in part) to 13
Ms MARTINHO	Chief adviser in the PRESIDENT's Office	Item 10
Ms ERLER	Chef de cabinet to Mr VERHEUGEN	Items 1 to 10 (in part)
Mr PRONK	A member of Ms REDING's staff	Items 12 to 14
Mr PESONEN	Chef de cabinet to Mr REHN	Item 10
Mr CHILD	Chef de cabinet to Ms FERRERO-WALDNER	Item 11
Ms SCHREIBER	Chef de cabinet to Mr ŠPIDLA	Item 12
Mr BRUNET	Chef de cabinet to Ms VASSILIOU	Items 11 (in part) to 14
Mr LEIGH	Director-General, DG Enlargement	Item 10
Mr LEARDINI	Secretariat-General	Item 13

Secretary: Ms DAY, Secretary-General, assisted by Mr GENISSON, Head of Unit in the Secretariat-General.

Before starting on the agenda, the PRESIDENT reminded the meeting that Friday 7 November would mark 50 years of the Commission and the 120th anniversary of the birth of Jean Monnet. To celebrate the occasion, the Commission's meeting room would be named after Jean Monnet and the PRESIDENT himself would unveil a commemorative plaque in the presence of the President-in-Office of the European Council and the President of the European Parliament. A short ceremony would then be held, to which the Members of the Commission were invited.

* * *

1. AGENDAS

(OJ(2008)1850/3; SEC(2008)2731/2)

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)1850)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 3 November.

3. MINUTES OF 1849TH MEETING (29 OCTOBER)

(PV(2008)1849)

The Commission approved the minutes of its 1849th meeting.

4. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID – INDIVIDUAL CASE – RECAPITULATIVE LIST

(SEC(2008)2751 AND /2; SEC(2008)2789)

The Commission adopted the decision in the recapitulative list SEC(2008)2751/2.

The Commission also adopted in principle the two decisions mentioned in SEC(2008)2789 and empowered Ms KROES, in agreement with the PRESIDENT, to finalise and to adopt formally these two decisions in the authentic language version. The Commission also authorised Ms KROES to send a letter to the Polish authorities.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

5.1. WRITTEN PROCEDURES APPROVED

(SEC(2008)2733 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 31 October.

5.2. EMPOWERMENT

(SEC(2008)2734 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 27 and 31 October.

5.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2008)2735 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 27 and 31 October, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2008)2736 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 3 and 7 November and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 3 November.

5.5. DELEGATION OF POWERS IN THE FIELD OF JUSTICE, FREEDOM AND SECURITY – ADOPTION OF INDIVIDUAL GRANT AND CONTRACT AWARD DECISIONS – DRUGS PREVENTION AND INFORMATION PROGRAMME

(SEC(2008)2730)

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 Drugs Prevention and Information Programme, in accordance with the terms laid down in SEC(2008)2730.

6. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2008)2732/3)

ADMINISTRATIVE MATTERS

(PERS(2008)136/3)

6.1. DG TAXATION AND CUSTOMS UNION – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2007)124 TO /3)

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, Analyses and Tax

Policies, in the Directorate-General for Taxation and Customs Union (PERS(2007)124).

The Commission took note of the opinions of the Consultative Committee on Appointments of 28 November 2007 and 24 January 2008 (PERS(2007)124/2 and /3).

The Commission proceeded to consider the applicant's qualifications for the post. It also considered the applicant's ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr KOVÁCS, it then decided to appoint Mr Philip KERMODE to the vacant post.

This decision would take effect immediately.

**6.2. DG ENERGY AND TRANSPORT – APPOINTMENT OF AD14/15
DIRECTOR
(PERS(2008)55 TO /4)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, New and Renewable Sources of Energy, Energy Efficiency and Innovation, in the Directorate-General for Energy and Transport (PERS(2008)55 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 15 May and 5 June 2008 (PERS(2008)55/3 and /4).

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 PIEBALGS, it then decided to appoint Mr Christopher JONES to the vacant post.

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

6.3. DG COMMUNICATION – TEMPORARY UPGRADING OF HEAD OF REPRESENTATION FUNCTION TO AD 13

The Commission took note of the information in point 3 of PERS(2008)136/3 and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms WALLSTRÖM:

- decided, on the basis of an exceptional derogation from Commission decision C(2004)2662, to upgrade temporarily the function of Head of the Commission Representation in Berlin from AD12 to AD13;
- confirmed that, when the term of the next Head of Commission Representation in Berlin expired, the post would again be filled in accordance with the terms laid down in Commission decision C(2004)2662.

These decisions would take effect immediately.

**6.4. AMENDMENT OF ORGANISATION CHARTS – 2008 AUTUMN PACKAGE
(SEC(2007)2770)**

The Commission took note of SEC(2008)2770, distributed on the authority of Mr KALLAS, and in particular point 2 thereof.

**6.5. LEGAL SERVICE - AMENDMENT OF ORGANISATION CHART
(SEC(2008)2763)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission approved the amendment of the organisation chart of the Legal Service as set out in SEC(2008)2763.

This decision would take effect immediately.

**6.6. OFFICE FOR INFRASTRUCTURE AND LOGISTICS (BRUSSELS) -
AMENDMENT OF ORGANISATION CHART
(SEC(2008)2779)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission approved the amendment of the organisation chart of the Office for Infrastructure and Logistics (Brussels) as set out in SEC(2008)2779.

This decision would take effect immediately.

**6.7. DG EXTERNAL RELATIONS - AMENDMENT OF ORGANISATION
CHART
(SEC(2008)2764)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms FERRERO-WALDNER, the Commission approved the amendment of the organisation chart of DG External Relations as set out in SEC(2008)2764.

This decision would take effect on 1 November 2008.

**6.8. EUROPEAN ANTI-FRAUD OFFICE – AMENDMENT OF
ORGANISATION CHART
(SEC(2008)2765)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT, the Commission approved the amendment of the organisation chart of the European Anti-Fraud Office as set out in SEC(2008)2765.

This decision would take effect immediately.

**6.9. DG COMMUNICATION - AMENDMENT OF ORGANISATION CHART
(SEC(2008)2766/2)**

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms WALLSTRÖM, the Commission approved the amendment of the organisation chart of DG Communication as set out in SEC(2008)2766/2.

This decision would take effect immediately.

**6.10. DG PERSONNEL AND ADMINISTRATION – ARRANGEMENTS FOR
MONITORING THE INTERNAL MOBILITY OF OFFICIALS IN
MIDDLE MANAGEMENT AND ADVISER POSTS
(SEC(2008)2770)**

After taking note of the information in point 1 of SEC(2008)2770, the Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, decided:

- to confirm the role of Directors-General as appointing authority for transfers in the interest of the service of middle management staff and advisers within their DG;
- to have all intra-DG transfers involving middle managers and advisers submitted to the Directorate-General for Personnel and Administration for a prior opinion, with the exception of transfers from advisory functions to management functions, which would continue to be subject to agreement by simplified procedure;
- in the case of a negative opinion, to make the decision on an intra-DG transfer subject to a prior authorisation by simplified procedure.

These decisions would take effect immediately.

**7. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL ON THE PROTECTION OF ANIMALS USED
FOR SCIENTIFIC PURPOSES
(COM(2008)543 TO /5; SEC(2008)2410 AND /2; SEC(2008)2411 AND /2;
SEC(2008)2413; SEC(2008)2412)**

The Commission adopted the proposal for a Directive in COM(2008)543/5 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 impact assessment and the summary thereof in staff papers SEC(2008)2410/2 and SEC(2008)2411/2 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 Directive, as set out in SEC(2008)2413.

8. RELATIONS WITH NON-MEMBER COUNTRIES

8.1. VISIT TO DEMOCRATIC REPUBLIC OF CONGO AND RWANDA (30 AND 31 OCTOBER) (SEC(2008)2796)

The Commission took note of the information note from Mr MICHEL in SEC(2008)2796.

8.2. CONFERENCE OF FOREIGN MINISTERS OF THE MEMBER STATES OF THE "BARCELONA PROCESS: UNION FOR THE MEDITERRANEAN" (MARSEILLE, 3 AND 4 NOVEMBER) (SEC(2008)2798)

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2008)2798.

9. OTHER BUSINESS

AUTUMN 2008 ECONOMIC FORECASTS (SEC(2008)2797)

The Commission took note of the information note from Mr ALMUNIA in SEC(2008)2797.

10. COMMISSION COMMUNICATION TO PARLIAMENT AND THE COUNCIL – ENLARGEMENT STRATEGY AND MAIN CHALLENGES 2008-2009

FOLLOW-UP REPORTS 2008

(COM(2008)674 TO /5; SEC(2008)2692 TO /3; SEC(2008)2693 AND /2; SEC(2008)2694 TO /3; SEC(2008)2695 TO /3; SEC(2008)2696 AND /2; SEC(2008)2697 AND /2; SEC(2008)2698 TO /3; SEC(2008)2699 TO /3; SEC(2008)2700)

Mr REHN presented the dossier he was tabling and expressed his thanks for the close cooperation he had received in the preparation of the communication and the follow-up reports. He pointed out that the documents were based on analyses and guidelines sketched out by the Commission at its working breakfast on 8 October, and stressed that while the renewed strategy on enlargement approved in 2006 continued to apply, certain recent developments had highlighted the importance of continuing and even stepping up efforts in this field, as well as the role played by the Western Balkans and Turkey as regards not just the security and stability of the European Union but also the security of its energy supplies. He felt that challenges such as the crisis in Georgia and the global financial situation should prompt close cooperation, not just within the European Union but also between the EU and candidate countries and potential candidates.

He then mentioned more specifically the road map for accession negotiations with Croatia, emphasising the balanced approach taken by the Commission. He summarised the progress already made and also specified the points which remained to be resolved in 2009, some of which would require additional effort and reforms on the part of Croatia. He also emphasised the conditional nature of the road map and pointed out that the timetable was tentative and could be modified on the basis of progress achieved, while stressing the message of encouragement that the Commission wished to send to Croatia in its efforts to step up reforms.

He also briefly mentioned the conclusions on Turkey as regards the Cyprus problem, while emphasising the Commission's support for inter-community talks.

The PRESIDENT thanked Mr REHN for his presentation. He also referred to the guidelines defined by the Commission at its working breakfast on 8 October, which had contributed to the precise and balanced analysis of the progress made by the various candidate and potential candidate countries and to the recommendations proposed. He too emphasised that the road map for Croatia had conditions attached and underlined the indicative nature of the timetable.

The Commission then held a discussion during which the following points were raised:

General points concerning enlargement policy

- the importance of the current accession negotiations and the fact that they could constitute a model for possible future negotiation with other potential candidates;
- the need to increase the transparency and pace of reforms in the candidate countries;
- a wish to highlight the success of the European Union's enlargement policy and the very positive outcome of previous enlargements both for the EU and for each of the acceding Member States;
- the message of confidence which the EU and the Commission would like to send out at a time of international financial crisis;
- the importance of this dossier in guiding candidate countries and helping them to carry out the necessary reforms, particularly in the case of Serbia;
- the high expectations in the countries concerned and the importance of the messages of encouragement sent via this dossier;

As regards the road map for Croatia

- the importance of respecting the *acquis* in the fields of competition and state aid, and the need for substantial progress in this area on the part of Croatia, particularly as regards the restructuring of the shipbuilding industry;
- the progress which still needed to be made by Croatia and all the other candidate and potential candidate countries in the field of justice, freedom and security, particularly as regards the fight against organised crime and trafficking in human beings;
- the need for Croatia to make tangible and irreversible progress in the area of combating organised crime and corruption, particularly in view of recent national events, and the particular concerns raised by the work on the chapters relating to judicial matters and border surveillance;
- certain questions, in this connection, as regards the technical feasibility of achieving the objective of concluding accession negotiations with Croatia by the end of 2009;
- in view of the concerns about the fragility of the situation in Croatia, the particular importance of the conditional nature of the road map and tentative character of the timetable, so as to maintain the credibility of the enlargement process, and the need to strongly emphasise these aspects in the communication concerning this dossier to avoid any misunderstandings;
- the need to make a clear distinction in this connection between the conclusion date of the negotiations and the effective date of accession to the European Union;
- at the same time, the positive nature of the strict conditions imposed on Croatia as an incentive to carry out reforms;
- the substantial progress which Croatia had made in several areas, including science and research, internal market and taxation and customs union, and the

importance of recognising these developments more clearly in the road map to encourage Croatia to continue on this path;

- the appropriateness of the approach proposed with regard to Croatia, from the point of view of the consistency of enlargement policy and also from a geopolitical standpoint;
- the collective effort which presentation of this aspect of the dossier would require and, more generally, the possibilities for communication on enlargement which 2009 would offer;

Concerning Turkey

- the importance of clear and consistent messages about the obligations which Turkey, as a candidate country, had towards Cyprus, as a Member State, and the importance of good neighbourly relations;
- the positive progress made by Turkey but also the scale of what remained to be done as regards human rights, the rights of minorities, women's rights and freedom of expression, and the need to encourage Turkey to carry out reforms rapidly;

Concerning the Western Balkans

- the importance of the signal sent to Serbia;
- the welcome given to the report on Kosovo;
- the numerous challenges in the Former Yugoslav Republic of Macedonia, the delay caused by the internal political situation and the need for tangible results in the future.

The PRESIDENT thanked the Commission Members for their contributions. He referred to the agreement reached at the working breakfast on enlargement on 8 October, which was based on the principles of the renewed consensus adopted in 2006, and he considered that the conclusions and recommendations of the dossier

presented that day contributed to achieving the goal which the Commission had set itself at that time.

As regards the road map for Croatia, the PRESIDENT recognised that it set an ambitious objective for the country, but stressed that this objective was also a powerful encouragement towards reform in Croatia and in the region as a whole. He indicated that the Commission would carefully monitor the situation and the results obtained and that the tentative date for conclusion of the negotiations could, if necessary, be postponed. He also stressed the clear distinction which had to be borne in mind in any event between the closing date of the negotiations and the date of accession.

On a more general note concerning the Western Balkans dossier, the PRESIDENT emphasised the boost it should give to stability and prosperity in the whole region.

Mr REHN responded to the comments made by confirming his intention to strongly emphasise the conditional nature of the road map for Croatia in the communication on this dossier; he invited the other Members of the Commission to convey the same message.

He summarised the state of play since last year as regards bilateral relations between Turkey and Cyprus, and thanked the Members who had provided written contributions on this point. He expressed regret, however, as regards both Croatia and Turkey, that certain bilateral tensions were holding up the progress of negotiations despite the framework for them having been approved unanimously by the Member States.

Finally, he accepted certain suggestions for specific amendments of the text, which would give rise to the following changes to the documents published as COM(2008)674/4 and /5:

- in document COM(2008)674/4, section 3.2, page 11 of the English version and in document COM(2008)674/5, paragraph 5 of the conclusions, the following text would be inserted to replace the code [PLACEHOLDER CROATIA]:

"In the light of the overall progress to date, it should be possible to reach the final stage of accession negotiations with Croatia by the end of 2009, provided that Croatia fulfils all the necessary conditions. With this in mind the Commission proposes an indicative road map for concluding technical negotiations. This indicative timetable may need to be adapted depending on progress made in meeting the conditions. Croatia needs to devote substantial further efforts in order to complete the work on the benchmarks set out in the negotiating chapters. The country needs to pursue reform efforts, in particular in the judiciary and public administration, the fight against corruption and organised crime, the promotion of minority rights, including refugee return, the pursuit of war crime trials, and access for ICTY to documents. Croatia must also make substantial further efforts in restructuring shipyards. The Commission will closely monitor the fulfilment of commitments undertaken by Croatia."

- in document COM(2008)674/5, paragraph 4 of the conclusions would read:

"Good neighbourly relations and regional cooperation remain key. The peaceful settlement of disputes remains a priority for all parties."

Subject to the above amendments, the Commission approved the communication in COM(2008)674/4 and /5 for transmission to the Council and Parliament and to the national parliaments, together with the 2008 follow-up reports concerning Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo (under the terms of UN Security Council Resolution 1244) and Turkey, in staff papers SEC(2008)2692/3, SEC(2008)2693/2, SEC(2008)2694/3, SEC(2008)2695/3, SEC(2008)2696/2, SEC(2008)2698/3, SEC(2008)2697/2 and SEC(2008)2699/3, respectively, the contents of which were noted.

11. REVIEW OF EU-RUSSIA RELATIONS

(COM(2008)740; SEC(2008)2786)

Ms FERRERO-WALDNER presented the communication reviewing relations between the European Union and Russia which she was tabling in response to the request by the European Council at its extraordinary meeting on 1 September. She stressed that this was an ongoing process which had since been mentioned at the General Affairs and External Relations Council on 13 October and by the Foreign Ministers at the European Council on 15 and 16 October.

She was convinced that the Commission had to play a leading role and to ensure that it acted in a clear political framework with a view to developing a unified EU position. This communication confirmed the complexity and depth of relations between the EU and Russia as well as their mutual interests.

Ms FERRERO-WALDNER stressed that the EU was important to Russia as a market, as a source of investment and know-how for modernising and diversifying its economy, in the research field and as regards visa arrangements. She emphasised Russia's desire to be seen as a respected partner both in Europe and globally.

She also highlighted the need to safeguard the EU's own interests by making a collective effort to negotiate a new agreement with Russia. Trade and investment were on the rise and it was in the EU's interests that the Russian economy should continue to grow and diversify.

On the question of energy supply, the two sides were interdependent and both had an interest in pursuing discussions in order to ensure fair terms. The current financial crisis had served to demonstrate this strong interdependence between the Russian and European economies, as it had revealed certain weaknesses in the Russian economy, such as its dependence on raw materials, its lack of diversification and the shortfall in investment in physical, telecommunications and social infrastructure. She said that the Russian President, Dmitri Medvedev, had spoken of Russia's need to diversify its economic base and strengthen the rule of law as a means of laying the foundations for economic growth.

Ms FERRERO-WALDNER stressed that Russia's accession to the World Trade Organisation was an important goal in the light of problems such as the export arrangements for wood. The development of trade should be accompanied by greater freedom of movement for individuals, an objective being pursued as part of the negotiations on the abolition of visas. She noted that respect for human rights and action against discrimination were being discussed in a more constructive way than in the past; these efforts had to be kept up, while underlining Russia's obligations as a member of the Council of Europe and the Organisation for Security and Cooperation in Europe. Lastly, she pointed out that Russia was a key geopolitical player and that cooperation had been established on certain issues, in particular Iran, the Middle East, Afghanistan and the Balkans.

She therefore concluded that it was in the EU's interest to continue the negotiations on a new agreement with Russia that had been postponed since 1 September, without however accepting the status quo as regards Georgia; on that issue the Geneva process would have to be pursued. She was convinced that it fell within the Commission's responsibility and remit to go ahead, while adopting a cautious attitude and maintaining a united front for the discussions to come.

The PRESIDENT thanked Ms FERRERO-WALDNER for the documents produced in response to the conclusions of the extraordinary European Council on 1 September. He made it clear from the outset that relations with Russia were not about managing routine affairs while ignoring the political situation in Georgia, but about ensuring that European interests were safeguarded.

He recalled the decision taken at the extraordinary European Council in September to postpone rather than suspend negotiations on the new agreement, and thought that the General Affairs and External Relations Council should acknowledge the possibility of setting a date for the resumption of discussions with Russia when it met on 10 November.

At the same time the PRESIDENT affirmed once again that the EU did not accept the status quo in Georgia, regarded as unacceptable Russia's unilateral recognition of the independence of the breakaway regions and supported the Geneva process on

those issues.

He also recalled the active support offered to Georgia through a series of trade and visa measures and the funds mobilised following the donors' conference and referred to the preparations under way on establishing an "Eastern Partnership" as a means of forging closer links with the EU's eastern neighbours.

The PRESIDENT restated the importance of the partnership the EU had established with Russia, while acknowledging that the Member States had different sensitivities in this regard. In general, he felt that, given the scope and depth of this relationship, it should centre on the goal of mutual benefits, but with due regard for the principles and values regarded as fundamental by the EU.

He therefore intended to continue to raise with Russia the issues of human rights, the rule of law and the democratic deficit, and express Europe's firm opposition to the use of force in violation of the territorial integrity of neighbouring countries.

At the same time Europe had key economic interests to promote, particularly, though not exclusively, in the energy sector. He pointed out that the EU was Russia's biggest energy market and should take advantage of that fact by defining fair conditions for this trade relationship.

He therefore felt that negotiations on a new agreement with Russia should be resumed and that these negotiations should be aimed at promoting and defending common European interests. To achieve this, it was vital to present a united front that enhanced the EU's strengths and offset its weaknesses. The PRESIDENT ended by saying that, in his view, a defensive stance of disengagement with Russia would be counterproductive in terms of defending European interests.

The Commission then held a discussion during which the following aspects were brought to the fore:

- broad support for the proposed approach and the wish to see it endorsed by the Council;
- questions about Russia's intentions as regards the resumption of negotiations

with the EU;

- the case for giving greater emphasis in the text to the concept of the mutual interests of the two partners in maintaining smooth relations;
- the need for greater consistency and predictability in relations with Russia;
- the observation that Russia's administrative and policy coordination capacities were declining;
- the strong interdependence between the two partners in the energy field, and the impossibility of separating energy-related matters from wider political relations; the value of exploring this interdependence further;
- the need for bilateral engagement with Russia to compensate for its absence from the World Trade Organisation and certain trade imbalances arising as a result, particularly in the wood industry; the importance in this connection of negotiations on accession to the WTO;
- the particular difficulties encountered in the health and veterinary fields and the importance of getting Russia to honour its commitments;
- the other unresolved problem of the taxes levied on overflying of Siberia and successive changes in Russia's position on that issue;
- the importance of the EU underlining its rejection of the use of force to manage tensions in the region;
- in this connection the need to enable the countries concerned to forge closer links with Europe and the possible response offered here by the "Eastern Partnership";
- the desire for additional information on the independent inquiry that had been requested on the crisis in Georgia.

Ms FERRERO-WALDNER thanked her colleagues for supporting the proposed approach and agreed to include the suggested reference to the mutual interests of

both parties. She again stressed the importance of pursuing relations with Russia while taking a firm line on certain issues for which a definitive solution would have to be found, such as the overflying of Siberia. She also mentioned that the "Eastern Partnership" might bring the EU closer to a number of Russia's neighbours.

Subject to the addition of the words "*on our mutual interests and the*" in the first sentence of the second paragraph of the section entitled "*Next steps*" on page 5 of the English version of COM(2008)740, so that the sentence would now read as follows:

"The EU expects the New EU-Russia Agreement to provide for a comprehensive legally binding framework to cover all main areas of the relationship based on our mutual interests and the international commitments which the EU and Russia have entered into, including promoting respect for human rights and the rule of law",

the Commission approved the communication now distributed as COM(2008)740 for transmission to the Council, together with the staff paper distributed as SEC(2008)2786, the contents of which were noted.

**12. COMMUNICATION TO THE COMMISSION PRESENTING A PROGRESS REPORT ON THE ACTION PLAN TO STRENGTHEN THE COMMISSION'S SUPERVISORY ROLE UNDER SHARED MANAGEMENT OF STRUCTURAL ACTIONS
(SEC(2008)2756 TO /3; SEC(2008)2755)**

Ms HÜBNER presented the communication and underlined the importance of this progress report, which was produced as part of the implementation and monitoring of the action plan adopted by the Commission in February 2008. It was aimed at tightening up Commission supervision of the expenditure under shared management of structural actions, in order to reduce the risks of residual errors by stepping up audits in the Member States, on the one hand, and increasing the collection rate, on the other. By the end of the third quarter of the year 18 of the 37 measures in the

action plan had been carried out, and the significant progress recorded in the remaining areas suggested that the target that had been set for the end of 2008 would be achieved.

Mr ŠPIDLA also stressed the importance of the document being presented, which demonstrated that the Commission was poised to fulfil the commitments it had made to the European Parliament during the 2006 discharge procedure. He mentioned in this context the forthcoming publication of the Court of Auditors' Annual Report for 2007, which would mark the beginning of the last discharge procedure before the elections for the European Parliament, and hence the last such exercise for the present Commission.

He pointed to the political sensitivity of the exercise and called for a constructive approach and dialogue with Parliament's rapporteur and the representatives of the main political groups within the institution.

One of the key aims of the action plan was to enable the Commission to be confident that the structures created by the Member States to manage and monitor the programmes for the period 2007-2013 were sound. Prevention was crucial to reducing the error rate and hence to maintaining the credibility of structural and cohesion policy. Mr ŠPIDLA concluded by referring to the discussion which the Commission would have to hold in the near future about the important role that structural funds could play in the context of the current economic and financial crisis, and expressed his desire to reconcile this aim with the progress currently being made in the field of financial management.

During a brief roundtable discussion the Members stressed the need for practical and detailed implementation of the action plan to ensure that the Member States fulfilled their commitments.

The PRESIDENT thanked Ms HÜBNER and Mr ŠPIDLA for their work and for the effort they had personally invested in this dossier, and Mr KALLAS for his cooperation. He asked them to continue their efforts to secure constant improvements in financial management in these areas and to monitor this important

matter particularly closely at political level.

Subject to a final linguistic check, the Commission approved the communication in SEC(2008)2756/3 for transmission to the European Parliament, the Council and the Court of Auditors, for information purposes, together with the staff working paper distributed as SEC(2008)2755, the contents of which were noted.

13. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – COMMISSION LEGISLATIVE AND WORK PROGRAMME 2009 (COM(2008)712 AND /2)

Introducing the communication on the legislative and work programme for 2009, the PRESIDENT noted the special significance of the year to come, which would see elections to the European Parliament in June and the end of the present Commission's term of office. He reminded the meeting of the decision, taken in the light of the financial crisis, to postpone the adoption of the programme until 5 November, in order to take this factor fully into account in the priorities identified by the Commission for 2009, and noted that the work programme should consequently be seen as part of the response to the current crisis, following directly on from the communication "From financial crisis to recovery", adopted by the Commission the week before.

The PRESIDENT noted that the emphasis in 2009 would be partly on the European response to the economic and financial crisis and partly on continuing the work in progress, stepping up cooperation with the Council and Parliament in order to reach agreement on the most important proposals under discussion. The work programme contained several priorities, grouped around four themes:

- in the area of growth and jobs, the emphasis in 2009 would be on economic reforms and specific measures to restore the confidence needed to respond

effectively to the economic and financial crisis, as well as on structural reforms in the Member States and the European Union under the renewed Lisbon strategy and in the framework of the guidelines for recovery presented the week before;

- in the area of climate change, the PRESIDENT stressed that reaching agreement at the international conference in Copenhagen would be a major challenge and this was an issue on which the European Union had to take the lead. This meant that a strong internal consensus had first to be achieved, in December, on the package of measures on energy and climate change. The EU would have to start implementing these measures in 2009 and at the same time start work on energy security and developing a new approach to adapt to climate change;
- as regards the other policies close to the citizens, the PRESIDENT noted that border management and the common visa policy would be among the areas to be developed, as set out in the Commission's communication on immigration presented in June 2008. He also stressed that further work needed to be done on the link between European policy on migration and the EU's external policy agenda, including development and trade policy. The Commission was committed to finalising the European asylum system by 2010, and the common area of justice, freedom and security needed to be further developed before the adoption of the Stockholm Programme. The Commission would also continue its efforts to help ensure the safety of Europe's citizens, and in particular to combat the risks of possible chemical, bacteriological or nuclear attacks. At the same time, the Commission would work hard on the revised social agenda and the EU's health strategy;
- in the international arena, the PRESIDENT ran through the challenges for 2009, foremost among which were the ongoing enlargement negotiations with Croatia and Turkey, the association and stabilisation process in the Western Balkans, the reinforcement of the neighbourhood policy, relations with Russia and the prospects for the negotiations in the World Trade Organisation's Doha Round. The European Union would have to step up its development aid in 2009 and

establish fruitful cooperation with the new American administration.

He concluded his presentation by stating that this legislative and work programme reflected the conclusions of the Commission's seminar in September; it was a focused and balanced programme containing 11 strategic initiatives and 36 priority initiatives.

Ms WALLSTRÖM thanked the PRESIDENT for the excellent cooperation in the preparation of this important document and felt that the text on the table was well-structured, comprehensive and balanced. She insisted that the extra time taken to adapt the programme to recent economic and social developments had been very useful and spoke of the European public's grave concerns about the impact of the economic crisis on social welfare and jobs. In this respect the proposed programme sent out a clear message, combining short-term measures with a coherent structural vision for the longer term.

Ms WALLSTRÖM welcomed the announcement of an extra strategic initiative entitled "*A European framework for recovery*", which would deal with the consequences of the financial crisis for the real economy and the social dimension. She pointed out that interinstitutional priorities had been laid down for communication and cooperation between the relevant departments of the European institutions and the Member States. For 2009 these priorities would be the elections to the European Parliament, energy and climate change, the twentieth anniversary of the democratic changes in Central and Eastern Europe and sustainable growth, employment and solidarity. For the first time efforts by each of the institutions to communicate on these priorities would be underpinned by the new joint declaration on communicating Europe in partnership, signed by the Commission, the European Parliament and the Council in October.

Ms WALLSTRÖM concluded by asking all Members of the Commission to participate actively in the communication efforts on the priority issues.

During the brief exchange of views that followed, Members stressed the importance of taking into account the social and human dimensions of the economic and

financial crisis.

The PRESIDENT pointed out that the Lisbon strategy took account of the economic, social and environmental aspects and, while underscoring the importance of better communication on these issues, reminded the meeting that primary responsibility for social affairs remained with the Member States. He also reiterated the importance of the interinstitutional priorities for communication, adding that 2009 would mark not only the twentieth anniversary of the fall of the Berlin wall but also the fifth anniversary of the accession to the European Union of ten new Member States. This occasion should be used to highlight the successes of enlargement.

The PRESIDENT insisted on the need to focus communication activities on the practical results which the EU's policies delivered to its citizens and the importance of explaining the main policies and their impact more effectively. He also pointed out that cutting red tape would continue to be one of the Commission's priorities in 2009.

The PRESIDENT concluded by saying that he would be presenting this legislative and work programme to the European Parliament on 18 November and hoped that as many Members of the Commission as possible would also be present.

Subject to a final linguistic check, the Commission adopted its legislative and work programme for 2009 in COM(2008)712/2, 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.

14. INTERINSTITUTIONAL RELATIONS

RELATIONS WITH THE COUNCIL

i) Programming of Council business

(SI(2008)1355)

The Commission took note of the information on the programming of Council business from 30 October to 12 November contained in SI(2008)1355.

ii) Results of the Council meeting (Economic and Financial Affairs) (Brussels, 4 November)

Mr ALMUNIA reported on the discussions of the Eurogroup and of the Economic and Financial Affairs Council in Brussels on 3 and 4 November.

He reported first on the Eurogroup meeting, which had provided an opportunity to discuss the economic forecasts published by the Commission, on which he had circulated an information memo to the Commissioners.

He said that these forecasts, particularly those for 2009 and 2010, had been well received by most of the Eurogroup finance ministers. He referred to the financial rescue measures, pointing out however that the positive effects of these measures were not yet being felt by households and by the economic players.

He referred to the consensual approach of the finance ministers as to the optimum use of the margins of flexibility provided for in the stability and growth pact, while emphasising the need for strict compliance with the rules laid down in the pact. With regard to the measures to be taken in the future, he emphasised the wish for coordinated action voiced in the Eurogroup, but also the reservations of some members concerning the concept of "economic governance". Lastly, he noted that the Eurogroup members had discussed the support measures for Hungary, the principle of which had been agreed upon.

At the meeting of the Economic and Financial Affairs Council, there had been a technical debate on the implementation of the financial rescue measures. He also

referred to the preparations for the informal meeting of Heads of State or Government to be held in Brussels on 7 November, ahead of the summit in Washington on 15 November on world financial governance, in particular with regard to the importance of coordination at macro-economic level, the role of the various multilateral bodies, and the need for the Union to speak with one voice and work out a common approach in preparation for the Washington summit.

At the PRESIDENT's request, he also reported on the debates on the possibility of a European rescue plan, which could include guidelines for the Member States, and on the possible use of tax policies to support growth and employment.

Mr McCREEVY then spoke of the preparations for the Washington summit on 15 November on world financial governance and the challenges to be addressed by the current Council Presidency in developing a common European approach. He also referred to the issue of sovereign funds, and mentioned the contacts that had taken place with the Icelandic finance minister on macroeconomic aid measures for Iceland.

Mr KOVÁCS then reported on the conclusions of the Economic and Financial Affairs Council with regard to taxation, in particular the consensus reached on the new general arrangements for excise duty and the agreement in principle secured on measures to step up the fight against VAT fraud. Although the Council had once again examined the matter of reduced VAT rates, no significant progress had been made and it was planned to return to this issue in December.

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

- the need to address the current crisis with determination and to exploit the potential for creativity and innovation in order to contribute to economic recovery;
- the Commission's role, and the need for an economic recovery programme coming under the Lisbon strategy for growth and employment;

- the importance of developing a response to the crisis on the basis of the EU's strong points, in particular the euro.

The PRESIDENT referred to the effects of the financial crisis on the real economy and stressed that it was important for the Commission to demonstrate initiative and creativity in order to contribute to developing guidelines for the Member States and address the challenges facing the European economy. He called on all the Commission Members to participate actively in drawing up the communication on an action plan for recovery and reforms to be presented to the Commission on 26 November.

The Commission took note of this information.

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The meeting closed at 13.05