



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2003)1620 final

Brussels, 16 July 2003

MINUTES
of the 1620th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 9 July 2003
(morning)

These minutes were approved by the Commission at its 1621st meeting, held in Brussels on 16 July 2003.

They contain 27 pages.

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Single sitting: Wednesday 9 July (morning)

The sitting opened at 0930 hours with Mr Prodi, President, in the chair.

Present:

Mr PRODI	President	
Mr KINNOCK	Vice-President	Item 1
Ms de PALACIO	Vice-President	
Mr MONTI		Items 1 to 12
Mr FISCHLER		Items 1 to 16
Mr LIIKANEN		
Mr BOLKESTEIN		
Mr BUSQUIN		
Mr SOLBES		Item 1
Mr VERHEUGEN		Items 1 to 13
Mr PATTEN		Items 1 to 12
Mr LAMY		
Mr BYRNE		
Mr BARNIER		
Ms REDING		
Ms SCHREYER		
Mr VITORINO		
Mme DIAMANTOPOULOU		Items 1 to 13

Absent:

Mr NIELSON
Ms WALLSTRÖM

The following sat in to represent absent Members of the Commission

Mr HAMBURGER Chef de cabinet to Mr Nielson

Mr ANNERBERG Chef de cabinet to Ms Wallström

The following also sat in

Mr MARENCO Deputy Director-General, Legal Service

Mr MANSERVISI Chef de cabinet to the President

Mr OLIVEIRA E SOUSA Director-General, Press and Communication Items 2 to 22

Mr KEMPPINEN Commission Spokesman

Ms CORUGEDO STENEBOG Spokesman Items 2 to 22

Mr FABBI Spokesman Item 12

Ms HOUTMAN Deputy Chef de cabinet to the President Items 12 and 22

Mr ABOU Chief Adviser in the President's Office Item 1

Mr DE LECEA Adviser in the President's Office Items 17 to 21

Mr STROHMEIER Adviser in the President's Office Item 12

Mr SMULDERS A member of the President's staff Items 6 and 14

Mr KOOPMAN Chef de cabinet to Mr Kinnock Item 1

Mr SCHINAS Deputy Chef de cabinet to Ms de Palacio Items 12 and 22

Mr CANGA FANO A member of Ms de Palacio's staff Item 14

Ms BURY A member of Mr Bolkestein's staff Item 13

Ms LOCATELLI A member of Mr Bolkestein's staff Item 16

Mr VANDENBERGHE A member of Mr Busquin's staff Item 12

Mr PLANAS Chef de cabinet to Mr Solbes Item 1

Mr BEKX Deputy Chef de Cabinet to Mr Solbes Item 1

Mr MARTINEZ-MONGAY A member of Mr Solbes's staff Items 2 to 22

Ms ROGER Chef de cabinet to Mr Barnier Item 13

Mr LEHNER Chef de cabinet to Ms Schreyer Item 1

Ms CARPARELLI Deputy Chef de cabinet to Ms Wallström

Mr CAVACO Chef de cabinet to Mr Vitorino Items 13 and 16

Mr PONZANO Secretariat-General Item 13

Mr SERVOZ	Secretariat-General	Items 17 to 21
Ms COLOMBO	Secretariat-General	Item 12
Mr DAVILA MURO	Secretariat-General	Items 11 and 22

Secretary: Mr O'SULLIVAN, Secretary-General, assisted by Ms BUGNOT, Director in the Secretariat-General.

1. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2003)781)

OTHER MATTERS

1.1. EUROSTAT ENQUIRIES
(SEC(2003)832)

The PRESIDENT reported that the results of the analyses carried out at the Commission's request by the Budget DG and the Internal Audit Service into the management system within Eurostat had been received the previous day, and they clearly revealed shortcomings and irregularities. This new information meant taking immediate, radical measures to deal with the most urgent problems. Parliament would be informed of the situation, and of the decisions taken by the Commission, at the end of the morning.

Mr KINNOCK reminded the meeting of the decisions taken by the Commission in this matter on 21 May (PV(2003)1613, item 15), particularly the mandate given to the Budget DG to analyse the follow-up to the audit reports produced by Eurostat's Internal Audit Capability (IAC) as regards compliance with the Financial Regulation. On 11 June (PV(2003)1616, item 14.6), the Commission had also adopted a mandate for the Internal Audit Service (IAS) to investigate the contracts and grants awarded by Eurostat. The Commission had now received the report of the Budget DG and the second interim report by the IAS, but the interim report from the Anti-Fraud Office was not yet available. Although these were only preliminary findings, the extremely worrying nature of the analyses carried out by the Budget DG and the IAS called for immediate measures, set out in detail in the communication put before the Commission during the meeting (distributed later as SEC(2003)832). These included:

- the immediate opening of disciplinary proceedings by Mr KINNOCK, acting as Appointing Authority, in respect of three officials;
- in agreement with the Anti-Fraud Office, the establishment of a multidisciplinary task force to take charge of the internal and external aspects of the investigations currently being managed by the Anti-Fraud Office alone. The task force would also be responsible for a full administrative investigation into the responsibilities of staff involved in any possible financial irregularities at Eurostat;
- as decided previously, the coordination of the various aspects of the dossier by a group chaired by the Secretary-General, who would report monthly to the PRESIDENT, Mr KINNOCK, Ms SCHREYER and Mr SOLBES. These Members would keep the Commission informed and propose any necessary action;
- temporarily and as a first stage, the removal of the Directors of Eurostat;
- the suspension of all contracts with Planistat during the investigations under way, without prejudice to the suspension of other contracts on the basis of a report by the task force;
- confirmation of the appointment of Mr Michel VANDEN ABEELE as Director-General, Eurostat, releasing him from his duties as Director-General, Translation;
- the transfer to Eurostat of staff with the skills needed to strengthen the management and financial control of its activities;
- the finalisation before 23 July with the Anti-Fraud Office of a code of conduct for the exchange of information and best practices for carrying out the investigations.

The Commission held a very detailed discussion to clarify the scope and the implications of the facts newly brought to its attention. An immediate, vigorous and transparent response was called for, and it was determined to uncover all the facts. Without underestimating the effects of certain of the proposed measures on the operation of Eurostat and its potential repercussions for other departments that depended on the supply of statistics by Eurostat, the Commission:

- approved the action plan set out in SEC(2003)832;
- decided under Article 7 of the Staff Regulations to transfer Mr VANDEN ABEELE, with his post and in the interest of the service, and to confirm him as Director-General, Eurostat. The publication of the vacancy notice for the post of Director-General, Eurostat, was therefore cancelled. Mr THURMES would act as Director-General, Translation;
- decided under Article 7 of the Staff Regulations to transfer with their posts and in the interest of the service all the current Directors of Eurostat to Chief Adviser posts created within Eurostat.

These decisions would take effect immediately. Following remarks by Mr SOLBES and in the interests of the smooth operation of the service, the Commission asked that the situation of these Directors be clarified speedily so as to enable them, if appropriate, to be returned to their posts as soon as possible.

ADMINISTRATIVE MATTERS

(PERS(2003)105)

1.2. FOLLOW-UP TO THE COMMUNICATION WIDER EUROPE

(SEC(2003)796 and /2)

Having noted that the Enterprise DG and the Information Society DG would be taking part in the interdepartmental group, the Commission approved SEC(2003)796/2 and agreed that the decisions taken would apply immediately.

1.3. DG ELARG - AMENDMENT OF ORGANISATION CHART

(PERS(2003)106)

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr VERHEUGEN, the Commission approved the amendments to the Enlargement DG's organisation chart set out in PERS(2003)106.

This decision would take effect on 16 July.

1.4. DG RELEX - A1 POST OF DIRECTOR-GENERAL

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr PATTEN, it was decided to fill the post of Director-General, External Relations, by transferring to it Mr Eneko LANDABARU, currently Director-General, Enlargement, with his post and in the interest of the service.

This decision would take effect on 1 September.

The Commission expressed thanks and recognition to Mr Guy LEGRAS for his excellent work, particularly in his capacity successively as Director-General, Agriculture, and Director-General, External Relations.

**1.5. DG RELEX - A1 POST OF DEPUTY DIRECTOR-GENERAL
(PERS(2002)39 to /5)**

The Commission had before it applications under Article 29(1)(a), 29(1c) and 29(2) of the Staff Regulations for the A1 post of Deputy Director-General responsible for Latin America and Asia (except Japan and Korea) in the External Relations DG (PERS(2002)39/2 and /4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 30 July and 4 September 2002 (PERS(2002)39/3 and /5).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr PATTEN, it then decided to appoint Mr Hervé JOUANJEAN to the post.

This decision would take effect on 1 September.

1.6. DG ELARG - A1 POST OF DEPUTY DIRECTOR-GENERAL

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr VERHEUGEN, it was decided to create a post of Deputy Director-General in the Enlargement DG and to transfer to it, with his post and in the interest of the service, Mr Fabrizio BARBASO, currently Deputy Director-General, Agriculture.

This decision would take effect on 1 September.

**1.7. DG AGRI - PUBLICATION OF A1 POST OF DEPUTY
DIRECTOR-GENERAL**

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr FISCHLER, the Commission approved the vacancy notice in PERS(2003)105 and asked DG ADMIN to publish it.

**1.8. DGT.A - A2 POST OF DIRECTOR
(PERS(2003)63 to /3)**

The Commission had before it applications under Articles 29(1)(a), 29(1)(c) and 29(2) of the Staff Regulations for the A2 post of Director of Directorate A in the Translation Service (PERS(2003)63).

The Commission took note of the opinions of the Consultative Committee on Appointments of 3 and 5 June (PERS(2003)63/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also examined the reports on their ability, efficiency and conduct in the service. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, it then decided to appoint Mr Stephen KAISER to the post.

This decision would take effect on a date to be fixed later.

**1.9. EASA - PROPOSAL FOR THE POST OF EXECUTIVE DIRECTOR OF
THE EUROPEAN AVIATION SAFETY AGENCY
(C(2003)2396)**

The Commission adopted the decision on the proposal to fill the post of Executive Director of the European Aviation Safety Agency set out in C(2003)2396, and asked Ms de PALACIO to communicate it to the Management Board of the Agency.

1.10. REPORT BY THE MEDIATION SERVICE

(SEC(2003)797)

The Commission took note of the annual activity report of the Mediation Service for 2002.

2. AGENDAS

(OJ(2003)1620/3; SEC(2003)777/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

3. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2003)1620)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 7 July.

4. APPROVAL OF MINUTES OF 1619th MEETING (1 July)

(PV(2003)1619)

The Commission approved the minutes of its 1619th meeting.

5. PARLIAMENT

5.1. JULY PART-SESSION

(SP(2003)2338/2)

The Commission took note of the information supplied relating to Parliament's part-session held in Strasbourg from 30 June to 3 July.

5.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS

(SP(2003)2335)

The Commission approved the proposed delegation of powers decisions relating to action to be taken on the amendments presented by Parliament under the codecision procedure in SP(2003)2335.

6. MONITORING THE APPLICATION OF COMMUNITY LAW

6.1. STATE AID

(SEC(2003)751)

The Commission adopted the decisions in SEC(2003)751.

6.2. PRELIMINARY DRAFT REGULATION ON THE APPLICATION OF ARTICLES 87 AND 88 OF THE EC TREATY TO STATE AID TO SMALL AND MEDIUM-SIZED ENTERPRISES ACTIVE IN THE PRODUCTION, PROCESSING AND MARKETING OF FISHERIES PRODUCTS

(SEC(2003)768 and /2)

The Commission adopted the preliminary draft block-exemption regulation in SEC(2003)768/2 and authorised Mr FISCHLER to continue the procedure

laid down in Regulation (EC) No 994/98 with a view to putting the final draft block-exemption regulation before the Commission.

7. WRITTEN PROCEDURES AND EMPOWERMENT

7.1. WRITTEN PROCEDURES APPROVED

(SEC(2003)778 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 June and 4 July.

7.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2003)779)

The Commission took note of written procedures initiated between 30 June and 4 July for the adoption of decisions with political implications.

7.3. EMPOWERMENT

(SEC(2003)780 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 June and 4 July.

7.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 30 June and 4 July, as archived on the "Grefte 2000" (Registry) website.

**8. COMMISSION DECISION INSTITUTING A SPECIALISED FINANCIAL
IRREGULARITIES PANEL**

(C(2003)2247 to /3; SEC(2003)811)

The Commission adopted the decision establishing a specialised financial irregularities panel, as set out in C(2003)2247/2 and /3, and authorised Mr KINNOCK to set it up.

**9. ALLOCATION OF HUMAN RESOURCES FOR REFORM FOLLOWING
IMPLEMENTATION OF REGULATION 1746/2002 (EARLY
RETIREMENT - FIRST ROUND)**

(C(2003)2194)

The Commission approved the allocation of human resources set out in C(2003)2194 and asked the Personnel and Administration DG to make the posts available to departments as soon as possible, in accordance with the arrangements described in the document.

The Commission noted that the figures used in the allocation were provisional, since they related only to the first round of early retirements. There would be an overall balance between posts freed up and posts received for the three planned rounds taken together.

10. A NEW PARTNERSHIP WITH SOUTH-EAST ASIA

(COM(2003)399 to /4; SEC(2003)789)

The Commission approved the communication on a new partnership with South-east Asia, as set out in COM(2003)399/4, for transmission to Parliament and the Council.

11. RELATIONS WITH NON-MEMBER COUNTRIES

THIRD MEETING OF EURO-MEDITERRANEAN TRADE MINISTERS

(PALERMO, 7 JULY)

(SEC(2003)822)

The Commission took note of the information note distributed by Mr LAMY.

**12. PROPOSAL FOR A COUNCIL DECISION AMENDING DECISION
2002/834/EC ADOPTING A SPECIFIC PROGRAMME FOR RESEARCH,
TECHNOLOGICAL DEVELOPMENT AND DEMONSTRATION
INTEGRATING AND STRENGTHENING THE EUROPEAN RESEARCH
AREA (2002-06)**

(COM(2003)390 to /5; SEC(2003)782; SEC(2003)773)

On the basis of a revised version of the communication and a supplementary information note distributed by Mr BUSQUIN, the Commission continued its discussions on this issue, begun at its previous meeting (PV(2003)1619, item 12). Based on the conclusions of that meeting, it focused in particular on the conditions for a cut-off date designed either to prevent the production of supernumerary

embryos (which could be used in research projects financed by the sixth research framework programme), or to prevent production of new stem cells.

The Commission took note of the information supplied during the meeting by Mr BUSQUIN, confirming that there were insufficient existing stem cell lines for research purposes and that new lines of these cells would need to be secured from supernumerary human embryos; Mr BUSQUIN would distribute an inventory of the situation in the world and in Europe.

Following an in-depth discussion and having noted that the conditions set for the authorisation of Community financing were based on fundamental ethical principles laid down by the European Group on Ethics, such as the principle of human dignity and the freedom of research, the Commission agreed as follows:

- the type of research enjoying Community financing could be carried out only on embryos conceived before 27 June 2002 (date of adoption of the sixth research framework programme) by *in vitro* fertilisation for the purpose of medically assisted procreation but no longer to be used for that purpose (supernumerary embryos);
- paragraph (d) of the Annex to the draft decision to read: "*all other alternative methods (including existing or adult stem cell lines) must have been examined and demonstrated not to be sufficient for the purposes of the research in question*";
- the penultimate paragraph of the Annex to the draft decision would refer to making available to the scientific community on a non-profit basis the human embryonic stem cell lines obtained;
- the report to be produced by the Commission in 2005 on the assessment of stem cell research financed at Community level and on the application of the

guidelines proposed in the draft decision would be taken into account in preparations for subsequent research programmes.

Subject to these clarifications, the Commission adopted the proposal for a Decision in COM(2003)390/5 for transmission to Parliament, the Council and the Economic and Social Committee. The proposal would also be published in the Official Journal.

13. WORK OF THE CONVENTION (SEC(2003)791)

Mr BARNIER and Mr VITORINO reported on discussions in the plenary session and the Presidium of the Convention, which had met on 4 and 8 July respectively and would be holding their last meetings on Wednesday 9 July (Presidium) and 9 and 10 July (plenary session). The discussions at this stage had not produced any major changes, and the prevailing view appeared to be that thenceforth it would be for the Intergovernmental Conference to deal with any outstanding issues.

The Commission took note of this information and of the lack of progress in the directions wished by the Commission, which further strengthened the importance of the opinion it would have to produce on the convening of the Intergovernmental Conference. Referring to the debate in the Presidium on the extension of qualified majority voting to trade policy, including services in the cultural field, it confirmed that in principle it wished to see qualified majority voting introduced as widely as possible.

14. MONITORING THE APPLICATION OF COMMUNITY LAW

(continued from item 6)

14.1. REPORT A 1/2003 ON INFRINGEMENTS NOTED

(SEC(2003)596)

The Commission adopted the decisions in SEC(2003)596.

14.2. URGENT CASE

(SEC(2003)802/3)

AUSTRIA Ban on lorries
2003/2113/A

Having taken note of the procedural and substantive aspects of the dossier, the Commission decided to send the Austrian authorities the reasoned opinion set out in SEC(2003)802/3 concerning the order by the Landeshauptmann of Tyrol of 27 May laying down traffic restrictions on the A12 motorway at Inntal from 1 August (emergency procedure - deadline for conformity with the reasoned opinion: 10 days).

15. PROGRESS REPORT CONCERNING THE MODERNISATION OF THE ACCOUNTING SYSTEM OF THE EUROPEAN COMMISSION

(SEC(2003)790 to /3)

Ms SCHREYER set forth the main points of the progress report on the modernisation of the Commission's accounting system. The project was moving forward on schedule and would require the active support of Directorates-General. She also reported on her meeting on 8 July with Parliament's Committee on

Budgetary Control, at which the presentation of the dossier had been favourably received.

The Commission took note of this information and of the note in SEC(2003)790/3. It asked all departments to deploy the means necessary to achieve the targets laid down, and agreed that it would be kept informed of developments. The Commission noted that Ms SCHREYER would inform Parliament, the Council and the Court of Auditors of progress.

16. EURONEWS: CONTRIBUTION BY THE COMMISSION
(SEC(2003)792 to /3)

Mr VITORINO explained the political and technical backdrop to the communication before the Commission. Its aim was to clarify the methodology for granting the amount earmarked for Euronews by Parliament in the 2003 budget in compliance with the conditions laid down in the Financial Regulation. In the light of the conclusions of a budgetary and financial check to be carried out by a selection committee set up for the purpose, the list of actions chosen for co-financing would be put before the Commission at the appropriate time.

Following an exchange of views on the status of Euronews, its contribution to the information of European citizens and the need to define the concept of services of general European interest, the Commission adopted the communication in SEC(2003)792/3.

- 17. SYNTHESIS OF ANNUAL ACTIVITY REPORTS 2002 OF
DIRECTORATES-GENERAL AND SERVICES
(COM(2003)391 to /4; SEC(2003)766)**
- 18. INTERNAL AUDITOR' S REPORT FOR 2002
(SEC(2003)505 to /6; SEC(2003)766)**
- 19. MATTERS FOR CONSIDERATION BY THE COMMISSION MENTIONED
IN THE ANNUAL REPORT OF THE INTERNAL AUDITOR
(SEC(2003)759 to /3; SEC(2003)766)**
- 20. AUDIT PROGRESS COMMITTEE ANNUAL REPORT
(SEC(2003)758 to /5; SEC(2003)766)**
- 21. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL
AND THE COURT OF AUDITORS - INTERNAL AUDIT SUMMARY
REPORT 2002
(COM(2003)422; SEC(2003)766)**

The Commission considered all these documents together.

The PRESIDENT presented the main points arising from the analysis of the performance of Commission departments in 2002. Although there was notable progress in some areas, several points still needed further improvement, particularly as regards the implementation of internal control standards. A very clear signal of progress must be given in 2003 and the actions identified in the summary report must be implemented by departments.

It was proposed to strengthen the arrangements for informing Commission Members and the Commission as a whole to enable them to exercise more effectively their

political responsibility for the supervision of the activity and management of departments. A number of changes had also been made to the audit progress committee, based on the experience of its first two years of operation and the criticisms made by the Court of Auditors.

On the basis of this presentation, the Commission:

For item 17:

- approved COM(2003)391/4 and decided to transmit to Parliament, the Council and the Court of Auditors the synthesis of the annual activity reports and statements of Directors-General and department heads set out at pages 1 to 45 of the French version;
- took note of the annual activity reports and statements submitted by the Directors-General and department heads and asked the Secretary-General to send them to his counterparts at Parliament, the Council and the Court of Auditors;
- approved the actions listed in the synthesis and asked Directors-General and department heads to implement them;
- decided to measure the progress made in the effective implementation of the action plans when the 2003 synthesis was considered;
- authorised the Commission Members responsible for administrative reform and the budget to present the 2002 synthesis to the competent bodies of Parliament, in particular the Committee on Budgets and the Committee on Budgetary Control.

For item 18:

- took note of the report of the Internal Auditor for 2002 as set out in SEC(2003)505/6;

For item 19:

- adopted the communication on the points to be considered by the Commission in accordance with the report by the internal auditor in SEC(2003)759/3.

For item 20:

- took note of the second annual report of the audit progress committee in SEC(2003)758/5.

For item 21:

- adopted the summary internal audit report for 2002 in COM(2003)422;
- decided to transmit it to Parliament, the Council and the Court of Auditors;
- authorised the Commission Members responsible for administrative reform and the budget to present it to the competent bodies of Parliament, in particular the Committee on Budgets and the Committee on Budgetary Control.

22. COUNCIL MEETINGS

(SI(2003)778)

***ECONOMIC AND FINANCIAL AFFAIRS (15 JULY) - AN INITIATIVE TO
PROMOTE GROWTH THROUGH INVESTMENT IN TRANS-EUROPEAN
NETWORKS AND MAJOR RESEARCH AND DEVELOPMENT PROJECTS
(SEC(2003)813 and /2)***

The Commission approved SEC(2003)813/2 presented by the PRESIDENT, in agreement with Ms de PALACIO, Mr BUSQUIN and Mr SOLBES, with a view to the Council meeting (Economic and Financial Affairs) of 15 July in line with the conclusions of the Thessaloniki European Council.

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

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The meeting closed at 1445 hours.