



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2004) 1640 final

Strasbourg, 13 January 2004

MINUTES
of the 1640th meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 7 January 2004
(morning)

These minutes were approved by the Commission at its 1641st meeting, held in Strasbourg on 13 January 2004.

They contain 22 pages.

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Single sitting: Wednesday 7 January (morning)

The sitting opened at 0915 hours with Mr Prodi, President, in the chair.

Present:

Mr PRODI	President
Mr KINNOCK	Vice-President
Ms de PALACIO	Vice-President
Mr MONTI	
Mr FISCHLER	
Mr LIIKANEN	
Mr BOLKESTEIN	
Mr BUSQUIN	
Mr SOLBES	
Mr NIELSON	
Mr VERHEUGEN	
Mr PATTEN	
Mr LAMY	
Mr BYRNE	
Mr BARNIER	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Ms DIAMANTOPOULOU	

The following sat in

Mr PETITE	Director-General, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr DE OLIVEIRA E SOUSA	Director-General, Press and Communication	
Mr KEMPPINEN	Commission Spokesman	
Ms CORUGEDO STENEBOERG	Spokeswoman	
Ms GONZALEZ LAYA	Spokeswoman	
Mr HENIN	Spokesman	Item 13
Mr THOMAS	Spokesman	
Ms WERNER	Spokeswoman	Item 13
Ms HOUTMAN	Deputy Chef de cabinet to the President	
Mr DE LECEA	Adviser in the President's Office	Item 13
Mr SANNINO	Adviser in the President's Office	
Mr SMULDERS	A member of the President's staff	Items 9 and 13
Mr KOOPMAN	Chef de cabinet to Mr Kinnock	Items 9 to 13
Mr CALLEJA	Chef de cabinet to Ms de Palacio	Item 7
Mr PEREZ MONTES	A member of Ms de Palacio's staff	
Ms VANNINI	A member of Mr Monti's staff	Item 13
Mr PIRZIO-BIROLI	Chef de cabinet to Mr Fischler	Item 13
Mr PAQUET	Deputy Chef de cabinet to Mr Busquin	
Mr PLANAS	Chef de cabinet to Mr Solbes	
Mr MARTINEZ MONGAY	A member of Mr Solbes's staff	
Mr MØRCH	A member of Mr Nielson's staff	
Mr POWER	Chef de cabinet to Mr Byrne	Item 13
Ms ROGER	Chef de cabinet to Mr Barnier	Items 9 and 13
Mr HALL	Deputy Chef de cabinet to Mr Barnier	Item 13
Ms HOFFMAN	Deputy Chef de cabinet to Ms Reding	Item 11
Mr LEHNER	Chef de cabinet to Ms Schreyer	
Mr ANNERBERG	Chef de cabinet to Ms Wallström	
Mr PIRÃO	A member of Mr Vitorino's staff	Item 13

Mr GALEROS	A member of Ms Diamantopoulou's staff	Items 9 and 13
Mr LEVI	GOPA	Item 13
Mr SAPIR	GOPA	Item 13
Mr LOWE	Director-General, Competition	Item 13
Mr PESARESI	Competition DG	Item 13
Mr LEYGUES	Regional Policy DG	Item 13
Mr DE MICHELIS	Regional Policy DG	Item 13
Mr ROMERO	Director-General, Budget	Item 13
Mr BISARRE	Secretariat-General	Item 13
Mr BAILLY	Secretariat-General	Item 13
Ms LORENZI	Secretariat-General	Item 13

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

1. OTHER BUSINESS

ARTICLE BY Mr BENATOFF AND Mr BRONFMAN IN THE FINANCIAL TIMES

Before starting on the agenda, the PRESIDENT drew attention to an article by Mr BENATOFF, President of the European Jewish Congress, and Mr BRONFMAN, President of the World Jewish Congress, in the Financial Times of 5 January. He was shocked and surprised at the violence of the accusations of anti-semitism made against the Commission. This was completely contrary to the Commission's action and convictions and also to his own; it was also entirely out of line with the very positive contacts he had had in recent weeks with the representatives of these organisations in connection with the organisation of a joint seminar on anti-semitism. This had led him to announce the suspension of these preparations, but he wanted to re-establish smooth and harmonious relations with the Jewish organisations as quickly as possible.

The Commission took note of this information and held an in-depth discussion on the scope of these events. It expressed consternation at such totally unfounded accusations, which were shown to be false by the various political initiatives it had taken. The Commission confirmed its support for the PRESIDENT's position and endorsed his wish to look into the origin and causes of the problem in greater detail. It restated its willingness to take all appropriate measures for the speedy restoration of a climate of confidence and cooperation with the Jewish community.

2. AGENDAS AND QUARTERLY ROLLING PROGRAMME
(OJ(2004)1640/3; SEC(2004)1/2; SEC(2003)1479)

The Commission took note of that day's agenda, the tentative agendas for future meetings, and the quarterly rolling programme of items to be entered on the agenda from 13 January to 30 March.

3. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2004)1640)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 5 January.

4. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1639th MEETING
(16 September)
(PV(2003)1639; PV(2003)1639, Part II)

The Commission approved the minutes and special minutes of its 1639th meeting.

5. PARLIAMENT

5.1. DECEMBER II PART-SESSION
(SP(2003)4201)

The Commission took note of the information supplied relating to Parliament's part-session of 15 to 18 December (SP(2003)4201).

5.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS
(SP(2003)4240/2)

The Commission approved the proposed empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision and consultation procedures (SP(2003)4240/2).

5.3. PARLIAMENTARY AFFAIRS GROUP
(SP(2003)4246)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 18 December (SP(2003)4246).

It paid particular attention to the following:

i) Preparations for January I and II part-sessions

(point 2.1 of the record)

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

It paid particular attention to the following:

1st reading and simple consultation:

- PEX report - Introduction of sanctions for pollution offences,
COM(2003)92 - 03/0037 (COD)

The Commission adopted the line set out in SP(2003)4226/2.

- POIGNANT report – Transfer of cargo and passenger ships between registers within the Community,
COM(2003)478, 03/0180 (COD)

The Commission adopted the line set out in SP(2003)4206.

- KAUPPI report - Mutual assistance in the field of direct and indirect taxation,
COM(2003)446 - 03/0170 (COD)

The Commission noted that no amendments had been tabled to its proposal, and adopted the line set out in SP(2003)4235.

- BERENGUER FUSTER report - Financial and technical cooperation with the Occupied Territories,
COM(2003)523 - 02/0204 (COD)

The Commission adopted the line set out in SP(2003)4245.

- VIDAL-QUADRAS report - Management of spent nuclear fuel and radioactive waste,
COM(2003)32-2 - 03/0022 (CNS)

The Commission adopted the line set out in SP(2003)4211.

- SEPPÄNEN report - Safety of nuclear installations,
COM(2003)32-1 - 03/0021 (CNS)

The Commission adopted the line set out in SP(2003)4210.

- BREYER report - Euratom loans,
COM(2002)456, 02/0246 (CNS)

The Commission adopted the line set out in SP(2003)4241.

ii) **Action taken on Parliament's opinions and resolutions**

(point 5 of the record)

The Commission adopted SP(2003)4219 listing the action taken on the opinions and resolutions adopted by Parliament at its November I and II part-sessions, for transmission to Parliament.

The Commission adopted the replies to legislative and own-initiative resolutions adopted by Parliament to which the Commission had undertaken to reply (SP(2003)4220), for transmission to Parliament.

iii) **Other matters**

(point 8.3 of the record)

Commission opinion on the Statute for MEPs

The Commission took note of SP(2003)4248 containing the amended draft Commission opinion on the Statute for MEPs under Article 190(5) of the EC Treaty, following the adoption of a resolution by Parliament on 17 December. It noted that Parliament's Legal Affairs Committee had yet to confirm the resolution adopted in plenary, notably by incorporating it into a report the Committee was proposing to adopt on 12 January. The Commission took note of a number of amendments to the text agreed in the Parliamentary Affairs Group.

Subject to the position of the Legal Affairs Committee and to the amendments mentioned above being taken into account, the Commission agreed the draft opinion in principle.

6. MONITORING THE APPLICATION OF COMMUNITY LAW

INFRINGEMENTS - CASES POSTPONED BECAUSE OF UNAVAILABILITY OF DOCUMENTS - REGULARISATION (SEC(2004)6)

The Commission adopted the decisions in SEC(2004)6.

7. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

7.1. WRITTEN PROCEDURES APPROVED (SEC(2004)2 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 2 January.

7.2. SENSITIVE WRITTEN PROCEDURES (SEC(2004)3 and /2)

The Commission took note of written procedures initiated between 15 December and 2 January for the adoption of decisions with political implications.

It paid particular attention to the following:

Environment / Greenhouse gas emission allowance trading scheme (ex-PE/2633/2003; COM(2003)830 to /6)

The Commission approved the communication presented by Ms WALLSTRÖM as set out in COM(2003)830/6, apart from the internal Annex on the implementation of the state aid rules, for transmission to

Parliament, the Council, the Economic and Social Committee and the Committee of the Regions.

7.3. EMPOWERMENT
(SEC(2004)4 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 15 December and 2 January.

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 15 December and 2 January, as archived on the "Greffé 2000" (Registry) website.

**8. COMMISSION DECISION CONCERNING A PROCEEDING UNDER
ARTICLE 8(2) OF COUNCIL REGULATION No 4064/89
(CASE COM/M.2978 - LAGARDERE / NATEXIS / VUP))
(C(2003)5277 to /4)**

The Commission:

- took note of the opinion of the Advisory Committee on Concentrations of 22 December, as set out in C(2003)5277/3, for publication in the Official Journal;
- took note of the final report of the Hearing Officer in C(2003)5277/3;
- adopted, in the authentic language (French), the decision in C(2003)5277/4, concluding that the acquisition by Lagardère SCA of exclusive control of the assets of Vivendi Universal Publishing, now known as Editis, was compatible

with the common market and the EEA Agreement, subject to Lagardère honouring its commitments as set out in the decision.

The decision would be published in the Official Journal (with business secrets removed) in all the official languages.

9. ECONOMIC AND FINANCIAL AFFAIRS

9.1. COMMISSION RECOMMENDATIONS FOR COUNCIL OPINIONS, PURSUANT TO REGULATION (EC) NO 1466/97, ON THE UPDATED CONVERGENCE PROGRAMMES OF DENMARK AND SWEDEN (SEC(2004)8 to /3; SEC(2004)11 and /2; SEC(2004)25)

The Commission adopted the recommendations in SEC(2004)8/3 and SEC(2004)11/2 for transmission to the Council.

9.2. COMMISSION RECOMMENDATIONS FOR COUNCIL OPINIONS, PURSUANT TO ARTICLE 5(3) OF REGULATION (EC) No 1466/97, ON THE UPDATED STABILITY PROGRAMMES OF FINLAND AND AUSTRIA (SEC(2004)8/2; SEC(2004)9 and /2; SEC(2004)10 and /2; SEC(2004)25)

The Commission adopted the recommendations in SEC(2004)9/2 and SEC(2004)10/2 for transmission to the Council.

9.3. RELATED QUESTIONS (SEC(2004)26; SEC(2004)27)

Mr SOLBES briefly gave his assessment of the situation resulting from the conclusions of the Council meeting (Economic and Financial Affairs) of 25 November. He outlined various measures he would suggest be taken to

re-establish the operation of the legal framework governing budgetary surveillance, to continue the Commission's daily work in relation to the stability and convergence programmes, the broad economic policy guidelines and the excessive deficit procedure, and to strengthen economic governance in EMU.

The Commission took note of these points and agreed to consider them in depth at its next meeting.

10. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2004)5/2)

ADMINISTRATIVE MATTERS

(PERS(2003)164)

10.1. DG INFSO.F - TEMPORARY OCCUPATION OF AN A2-LEVEL POST²

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr LIIKANEN, decided under Article 7(2) of the Staff Regulations that Mr Luis RODRIGUEZ-ROSELLO, an A3 official, currently Adviser in Directorate INFSO/F, should be deemed temporarily to have occupied the post of Director of Directorate F (Emerging technologies and infrastructures - Applications) in the Information Society DG with effect from 1 January 2003 until the new Director was appointed, subject to a maximum of twelve months.

This decision would take effect immediately.

10.2. DG PRESS/C - A2 POST OF DIRECTOR

(PERS(2003)38 to /4)

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, the Commission decided to transfer Mr Jean-Pierre VANDERSTEEN, an A2 official, currently Director of the Ispra site of the Joint Research Centre, to the post of Director of Directorate C (Resources) in the Press and Communication DG, in the interest of the service and with his post.

This decision would take effect on 1 February.

Without prejudice to this decision, the Commission thanked Mr Alberto HASSON for his work as acting Director while the post was vacant.

10.3. DG ENTR/G – SETTING THE DATE FOR THE TRANSFER OF AN A2 OFFICIAL IN THE INTEREST OF THE SERVICE AND WITH HIS POST, UNDER THE ARRANGEMENTS FOR MOBILITY OF A2 OFFICIALS

The Commission referred to its decision of 5 November 2003 (PV(2003)1633, item 7.4) to transfer Mr Michel AYRAL in the interest of the service and with his post to the post of Director of Directorate ENTR/G (Single market: regulatory environment, standardisation and new approach). On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, Ms de PALACIO and Mr LIIKANEN, it decided to fix 1 March 2004 as the date for this transfer.

OTHER MATTERS

10.4. MEASURES TO BE TAKEN FOLLOWING THE SENDING OF SEVERAL LETTER-BOMBS TO EUROPEAN INSTITUTIONS AND FIGURES

10.5. RISKS FOR STAFF AND INFORMATION RECEIVED BY THE COMMISSION FROM INTELLIGENCE SERVICES (SEC(2004)14 and /2)

In view of the letter-bombs sent to the PRESIDENT and various other European personalities, Mr KINNOCK reminded the meeting of the precautions to be taken by Commission Members and staff when opening mail. He also mentioned the need for greater vigilance in general in all matters relating to security (access to buildings, offices and car parks, security audits, etc.).

Mr KINNOCK also drew attention to the note produced by the Security Directorate concerning the interest generated by the Commission's activities and the consequent risks of espionage. There was a need for awareness-raising in this matter, and it was important to make sure that anyone dealing with classified information had been properly authorised to do so.

Having taken note of this information, the Commission held a wide-ranging exchange of views on the security measures in force and their possible reinforcement. These must be taken in the light of the assessed risks, and there was no need for major changes in strategy, but the existing provisions must be applied rigorously. Certain improvements could be envisaged and there should be further study of the security arrangements for telecommunications and computer installations.

11. RELATIONS WITH NON-MEMBER COUNTRIES

EUROPEAN UNION/MERCOSUR RELATIONS

Mr LAMY mentioned his recent visit to the four Mercosur countries and his participation in the Summit of Heads of State or Government of Mercosur in Montevideo on 16 December. He reported on the progress and prospects of the negotiations under way for the conclusion of a EU-Mercosur biregional association agreement.

The Commission took note of this information and held a brief exchange of views on the political challenges of such a agreement, the sensitivity of certain of the products concerned by the negotiations, and the need to strengthen the regional integration process of the Mercosur countries.

12. OTHER BUSINESS

12.1. AIR DISASTER AT SHARM EL-SHEIKH INVOLVING A FLASH

AIRLINES BOEING 737

(SEC(2004)30)

The Commission took note of the oral information supplied during the meeting by Ms de PALACIO in support of her note SEC(2004)30. Without pre-empting any information that might be gathered on the causes of the accident once the aircraft's black boxes had been recovered, Ms de PALACIO drew attention to the current absence of Community rules prohibiting or limiting the use of aircraft or airlines from non-member countries and the need for urgent adoption of the proposal for a Directive which the

Commission had presented on this subject in January 2002, itself largely based on a proposal from 1997.

**12.2. CONCLUSIONS TO BE DRAWN FROM THE FINANCIAL CRISIS OF
THE ITALIAN FIRM PARMALAT**

Although there was not yet sufficient information to take a detailed position, Mr BOLKESTEIN drew attention to the scope of the bankruptcy of Parmalat. Mr MONTI pointed out that the Italian authorities had announced that they were sending the Commission the decrees they had issued in this matter, so that they could be checked for compatibility with the state aid rules.

**12.3. INTERNATIONAL ITER (INTERNATIONAL THERMONUCLEAR
EXPERIMENTAL REACTOR) CONFERENCE**

Mr BUSQUIN gave an update on the choice of the site for the definitive installation of the experimental thermonuclear reactor (ITER) following the meeting in Washington on 19 December. Both sites in the running (European and Japanese) were to be assessed against scientific and technical criteria before a further meeting in February. The parties to the negotiation would also explore a wider approach in the field of nuclear fusion. This was a highly political matter, and called for a strengthened diplomatic approach in the interests of the European Union.

**13. ORIENTATION DEBATE ON THE GENERAL POLITICAL
FRAMEWORK FOR THE POST-2006 FINANCIAL PERSPECTIVE
(SEC(2004)28 and /2)**

The PRESIDENT introduced the general discussion that the Commission was required to hold with a view to finalising its position on the general policy framework for the financial perspective post-2006. The main points for discussion as identified in SEC(2004)28/2 were the results of almost a year of work and in-depth consideration, in which Commission Members and departments had been actively involved, for which he expressed thanks. Although the general political backdrop had changed in the meantime, with the failure of the Intergovernmental Conference and the letter from six Heads of State or Government seeking to limit the ambitions of the Union and its level of expenditure to 1% of GNI, this did not alter the Commission's obligation to fulfil its responsibilities and prepare for the future. On the other hand it strengthened the need for solid and clear policy content, based on the subsidiarity principle and on priority projects, together with a convincing demonstration of the added value of Community expenditure compared with national spending. The PRESIDENT then reviewed the various questions on which the Commission had to take a view, viz.: the political centre of gravity of the next financial perspective (based around three aspects: sustainable development including competitiveness, cohesion and the environment; the creation of an area of freedom, security and justice; and the role of the Union on the international scene); implementing instruments; various budgetary questions concerning the budgetary structure, the correction mechanism, own resources, the duration of the financial perspective and the size of the budget.

Following this presentation, the Commission held an exhaustive round-table discussion on the various questions raised. Noting that there was a large measure of agreement on the guidelines presented, it discussed certain points in more detail concerning the possible combination of various financial instruments into two funds; the merger of certain budget headings and the scope of the planned flexibility mechanisms; the need to study in greater detail the elements of a potential generalised correction mechanism meeting the requirements of both solidarity and equity; the maintenance of the present own resources system or the development of

a system based on European taxation; whether to synchronise the timing of the financial perspective with the institutional cycle; the advisability of presenting one or more scenarios for the size of the Union's budget and the expenditure ceilings to be set.

Having taken note of the various positions expressed, the PRESIDENT concluded that enough elements were now in place to draw up the draft Commission communication on the next financial perspective. He noted that the debate had shown the need:

- to put the emphasis on the link between the common policies and the financial perspective;
- to strengthen the concept of the added value of European expenditure by explaining the justification for it in more detail;
- to demonstrate the feasibility of the proposals for simplifying the financial instruments and the gain in real effectiveness this should bring;
- to study in greater depth the components of the generalised correction mechanism;
- not to propose a new own resource in this communication, while indicating the aspects to which further thought should be given in the longer run;
- to consider a transitional solution for the duration of the financial perspective;
- to present a ceiling for the size of the Union's budget in comparison with European GNI which illustrated the possible link between political objectives and financial means and which would be both realistic and well founded.

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The meeting closed at 1430 hours.