



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Strasbourg, 20 April 2004

MINUTES
of the 1653rd meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 7 April 2004
(morning)

These minutes were approved by the Commission at its 1654th meeting, held in Strasbourg on 20 April 2004.

They contain 28 pages

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INFORMAL MEETING OF ECONOMIC AND FINANCIAL AFFAIRS MINISTERS

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Single sitting: Wednesday 7 April (morning)

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

Present:

Mr PRODI	President
Mr KINNOCK	Vice-President
Mr MONTI	
Mr LIIKANEN	
Mr BOLKESTEIN	
Mr SOLBES	
Mr VERHEUGEN	
Mr LAMY	
Ms REDING	
Ms SCHREYER	
Mr DIMAS	

Absent:

Ms de PALACIO	Vice-President
Mr FISCHLER	
Mr BUSQUIN	
Mr NIELSON	
Mr PATTEN	
Mr BYRNE	
Ms WALLSTRÖM	
Mr VITORINO	

The following sat in to represent absent Members of the Commission

Ms ZAMPIERI	A member of Ms de Palacio's staff
Ms MAUPERON	A member of Mr Fischler's staff
Mr ROBIN-CHAMPIGNEUL	A member of Mr Busquin's staff
Mr HAMBURGER	Chef de cabinet to Mr Nielson
Mr BANNER	A member of Mr Patten's staff
Mr POWER	Chef de cabinet to Mr Byrne
Mr McALEAVEY	A member of Ms Wallström's staff
Mr PIRÃO	A member of Mr Vitorino's staff

The following also sat in

Ms DURAND	Chief Adviser, Legal Service	
Mr MANSERVISI	Chef de cabinet to the President	
Mr DIXON	Spokesman	
Ms GONZALEZ LAYA	Spokeswoman	
Mr THOMAS	Spokesman	
Mr DE LECEA	Adviser in the President's Office	Item 18
Mr LUCHNER	Deputy Chef de cabinet to Mr Kinnock	Item 17
Mr PLANAS	Chef de cabinet to Mr Solbes	Items 11 to 18
Mr MARTINEZ MONGAY	A member of Mr Solbes's staff	
Mr TEMPEL	Chef de cabinet to Mr Verheugen	
Mr LAITENBERGER	Chef de cabinet to Ms Reding	Items 19 and 20
Ms KONTOU	Chef de cabinet to Mr Dimas	
Mr KUIJPER	Legal Service	Item 19
Mr REGLING	Economic and Financial Affairs DG	Items 11 to 18
Mr MAURER	Enlargement DG	Item 19
Mr UEBE	Enlargement DG	Item 19
Mr DAVILA MURO	Secretariat-General	Items 11 to 19
Ms PREISING	Secretariat-General	Item 6

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

1. COMMEMORATION OF THE 10TH ANNIVERSARY OF THE GENOCIDE IN RWANDA

The PRESIDENT read a statement paying homage to the victims of the genocide in Rwanda and emphasising the need for vigilance on the part of the Commission to ensure that such events could not recur.

At the PRESIDENT's invitation, the Commission observed a minute's silence.

2. MEASURES RELATING TO THE REPLACEMENT OF CERTAIN COMMISSION MEMBERS

Following the departure of Mr BARNIER and the imminent departure of Mr SOLBES, the PRESIDENT outlined the measures he had taken concerning their areas of responsibility pursuant to Article 3 of the Rules of Procedure:

- Mr FISCHLER would temporarily handle the regional policy portfolio until the arrival of Mr BARROT, who would be taking over this responsibility;
- Mr VITORINO alone would represent the PRESIDENT at the Intergovernmental Conference on the draft European Constitution;
- Mr ALMUNIA would take charge of Mr SOLBES's portfolio, and Mr SOLBES had been asked to take the necessary steps to ensure a smooth transition.

3. AGENDAS

(OJ(2004)1653/3; SEC(2004)402/2)

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

4. WEEKLY MEETING OF CHEFS DE CABINET

(SEC(2004)1653)

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

5. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1652nd MEETING (30 March)

(PV(2004)1652 to /2; PV(2004)1652, Part II to /3)

The Commission approved the minutes of its 1652nd meeting.

6. PARLIAMENT

6.1. MARCH II PART-SESSION

(SP(2004)1301)

The Commission took note of the information supplied relating to Parliament's part-session held in Strasbourg from 29 March to 1 April.

6.2. ACTION TO BE TAKEN ON PARLIAMENT'S OPINIONS
(SP(2004)1252)

The Commission approved the empowerment decisions relating to action to be taken on the amendments presented by Parliament under the codecision and consultation procedures (SP(2004)1252).

6.3. PARLIAMENTARY AFFAIRS GROUP
(SP(2004)1443)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on 6 April.

It paid particular attention to the following:

i) Preparations for April part-session
(point 2.2 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:

2nd reading

- RACK report, Minimum safety requirements for tunnels in the trans-European road network,
COM(2004)147, 02/0309 (COD)

Noting that no amendments had been tabled to the Council common position, the Commission adopted the line set out in SP(2004)1334.

- SOMMER report, - Interoperability of electronic road toll systems,
COM(2003)132 - 03/0081 (COD)

Noting that no amendments had been tabled to the Council common position, the Commission adopted the line set out in SP(2004)1336.

- LAMBERT report, - Coordination of social security systems with a view to the free movement of persons,
COM(98) 779, 98/0360 (COD)

The Commission adopted the line set out in SP(2004)1376.

1st reading and simple consultation

- WÜRMELING report, - Credit for consumers - harmonisation of legislation,
COM(2002)443 - 02/0222 (COD)

The Commission adopted the line set out in SP(2004)1377/2.

- GHILARDOTTI report, - Unfair business-to-consumer commercial practices,
COM(2003)356 - 03/0134 (COD)

The Commission adopted the line set out in SP(2004)1247.

- STURDY report, – Maximum residue levels of pesticides,
COM(2003)117 - 03/0052 (COD),

The Commission adopted the line set out in SP(2004)1391/2.

- FOURTOU report, - Community customs code,
COM(2003)452 - 03/0167 (COD)

The Commission adopted the line set out in SP(2004)1436.

- MOMBAUR report, - Security of natural gas supply,
COM(2002)488-3 - 02/0220 (COD)

Having noted that Parliament had accepted the amendment of the legal basis as wished by the Council, the Commission adopted the line set out in SP(2004)1432.

- SEPPÄNEN report, Conditions for access to the gas transmission networks,
COM(2003)741 - 03/0302 (COD)

The Commission adopted the line set out in SP(2004)1433.

- MARKOV report, - Social legislation relating to road transport activities,
COM(2003)628 - 03/0255 (COD)

The Commission adopted the line set out in SP(2004)1335/2.

- COCILOVO report, - Charging of heavy goods vehicles for the use of certain infrastructures,
COM(2003)448 - 03/0175 (COD),

The Commission adopted the line set out in SP(2004)1403.

- RÜBIG report, - Small and medium-sized enterprises,
COM(2003)758 - 03/0292 (COD)

The Commission adopted the line set out in SP(2004)1435 and authorised Mr LIIKANEN to continue contacts with the co-legislators with a view to an agreement at first reading.

- VAN VELZEN report, - Digital content in Europe 2005-08,
COM(2004)96 - 04/0025 (COD)

The Commission adopted the line set out in SP(2004)1434 and authorised Mr LIIKANEN to continue contacts with the co-legislators with a view to an agreement at first reading.

- SANDERS-TEN-HOLTE report, - European Audiovisual Observatory,
COM(2003)763 - 03/0293 (COD)

The Commission adopted the line set out in SP(2004)1407/2.

- ZISSENER report, – Transparency of qualifications and competences (Europass),
COM(2003)796 - 03/0307 (COD)

The Commission adopted the line set out in SP(2004)439.

- BLOKLAND report, – Spent batteries and accumulators,
COM(2003)723 - 03/0282 (COD)

The Commission adopted the line set out in SP(2004)1395/3.

- KRONBERGER report - Quality of ambient air,
COM(2003)423 - 03/0164 (COD)

Further to the authorisation already granted to Ms WALLSTRÖM (PV(2004)1648, item 4.3), the Commission took note of SP(2004)795/2 in relation to negotiations between the co-legislators with a view to reaching agreement at first reading.

- JACKSON report, LIFE (Financial instrument for the environment),
COM(2003)667 - 03/0260 (COD)

The Commission adopted the line set out in SP(2004)1413.

Codification

- MacCORMICK report, – Waters needing protection to support fish
life,
COM(2004)19 - 04/0002 (COD)

The Commission adopted the line set out in SP(2004)1392.

- MacCORMICK report, - Carriage of goods by road,
COM(2004)47 - 04/0017 (COD)

The Commission adopted the line set out in SP(2004)1393.

ii) Empowerment

(point 2.2 of the record)

Under Article 13 of its Rules of Procedure the Commission empowered the Members concerned, in agreement with the PRESIDENT, Ms de PALACIO and any other Members associated, to adopt its opinion on the amendments, together with any amended proposals, on the basis of the line set out in the documents concerned, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 251(2)(c) of the Treaty, for the following:

- RACK report, Minimum safety requirements for tunnels in the
trans-European road network
(SP(2004)1334, Ms de PALACIO)

- SOMMER report, - Interoperability of electronic road toll systems
(SP(2004)1336, Ms de PALACIO)
- LAMBERT report, - Coordination of social security systems with a
view to the free movement of persons
(SP(2004)1376, Mr DIMAS)

Under Article 13 of its Rules of Procedure the Commission empowered Mr LIIKANEN, in agreement with the PRESIDENT, Ms de PALACIO and any other Members associated, to adopt an amended proposal on the basis of the line set out in SP(2004)1434, once Parliament had given its opinion, and transmit it to the Council in accordance with Article 250(2) of the Treaty, for the following.

- VAN VELZEN report, - Digital content in Europe 2005-08.

iii) Action taken on Parliament's opinions and resolutions

(point 5 of the record)

The Commission adopted the replies to own-initiative and non-legislative resolutions adopted by Parliament to which the Commission had undertaken to reply (SP(2004)1352), for transmission to Parliament.

**7. MONITORING THE APPLICATION OF COMMUNITY LAW:
INFRINGEMENTS**

***CASE DEFERRED BECAUSE OF NON-AVAILABILITY OF DOCUMENTS -
REGULARISATION
(SEC(2004)410)***

The Commission adopted the decision in SEC(2004)410.

8. WRITTEN PROCEDURES AND EMPOWERMENT

***8.1. WRITTEN PROCEDURES APPROVED
(SEC(2004)403 et seq.)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 March and 2 April.

***8.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2004)404)***

The Commission took note of written procedures initiated between 29 March and 2 April for the adoption of decisions with political implications.

The Commission referred to written procedures E/111/2004 and E/126/2004 (COM(2004)50 and /2 and COM(2004)57 and /2) concerning respectively the European Agency for Safety and Health at Work and the European Foundation for the Improvement of Living and Working Conditions. Having noted that agreement had been reached to re-open these procedures, the Commission decided to return to the question of the size of the Management Boards of the various Community agencies in the context of the work to be done on the future financial perspective.

8.3. EMPOWERMENT

(SEC(2004)405 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 29 March and 2 April.

8.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 29 March and 2 April, as archived on the "Grefte 2000" (Registry) website.

9. REFORM OF THE STAFF REGULATIONS - ADAPTING THE IMPLEMENTING RULES - PACKAGE 5 - FIRST READING (SEC(2004)409 to /3; SEC(2004)426)

The Commission:

- approved at first reading the package of eight texts in SEC(2004)409 and /3;
- authorised Mr KINNOCK to hold the necessary consultations on these texts at interinstitutional level;
- asked Mr KINNOCK to table all these texts again for final decision once the required consultations had been completed.

**10. REFORM OF THE STAFF REGULATIONS - ADAPTING THE
IMPLEMENTING RULES - ADOPTION AND INFORMATION
FOLLOWING THE FINALISATION OF THE CONSULTATION PROCESS
FOR A SET OF 12 TEXTS - SECOND READING
(C(2004)1313 and /2; C(2004)1318; SEC(2004)414; SEC(2004)415;
SEC(2004)426)**

The Commission:

- adopted the general implementing provisions on classification on entry into service, the education allowance, the reimbursement of mission expenses and the selection and recruitment of contract staff set out in C(2004)1313 and /2;
- adopted the decisions on overtime for drivers, the attestation procedure, special advisers, the employment of disabled persons and the percentage allowance for living conditions applied to remunerations for staff employed in non-member countries, as set out in C(2004)1318;
- took note of progress in the procedure for adopting the draft rules by common accord on insurance against accident and occupational disease for officials of the European Communities, as set out in SEC(2004)414, for transmission to the Council and the other institutions;
- took note of the technical adjustment of two internal directives applicable to staff employed outside the Union, first, on the procedure for adjusting weightings and conversion rates applicable to the payment of remunerations, and second, on the recovery of the provisional accommodation allowance and the costs of transporting personal effects of the spouse and dependants, as set out in SEC(2004)415. These two texts would shortly be transposed into internal directives by the Director-General, External Relations.

**11. COMMISSION RECOMMENDATION FOR A COUNCIL
RECOMMENDATION ON THE 2004 UPDATE OF THE BROAD
GUIDELINES OF THE ECONOMIC POLICIES OF THE MEMBER
STATES AND THE COMMUNITY FOR 2003-05
(COM(2004)238 to /4; SEC(2004)418)**

The Commission adopted the recommendation for the 2004 update of the broad economic policy guidelines of the Member States and the Community (2003-05), as set out in COM(2004)238/4, for transmission to the Council and, for information, to Parliament, the Economic and Social Committee, the Committee of the Regions and the European Central Bank.

**12. COMMISSION COMMUNICATION ON STRENGTHENING THE
IMPLEMENTATION OF THE EUROPEAN EMPLOYMENT STRATEGY
- PROPOSAL FOR A COUNCIL DECISION ON GUIDELINES FOR THE
EMPLOYMENT POLICIES OF THE MEMBER STATES
- RECOMMENDATION FOR A COUNCIL RECOMMENDATION ON THE
IMPLEMENTATION OF THE EMPLOYMENT POLICIES OF THE
MEMBER STATES
(COM(2004)239 to /4; SEC(2004)418)**

The Commission adopted:

- the communication on strengthening the implementation of the European employment strategy,
- the proposal for a Council Decision on guidelines for the employment policies of the Member States, and
- the recommendation for a Council Recommendation on the implementation of Member States' employment policies,

as set out in COM(2004)239/4, for transmission to the Council, Parliament, the Economic and Social Committee and the Committee of the Regions.

**13. COMMISSION REGULATION IMPLEMENTING COUNCIL
REGULATION (EC) No 139/2004 ON THE CONTROL OF
CONCENTRATIONS BETWEEN UNDERTAKINGS
(C(2004)1299 to /4)**

The Commission:

- approved in principle the Commission Regulation applying Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings and the various notification forms, as set out in C(2004)1299/4;
- empowered Mr MONTI to adopt the final versions of the Regulation and the notification forms in all the official languages, once they had been revised by the lawyer-linguists;
- decided to publish these documents in the Official Journal.

**14. COMMISSION REGULATION ON THE APPLICATION OF
ARTICLE 81(3) OF THE EC TREATY TO CATEGORIES OF
TECHNOLOGY TRANSFER AGREEMENTS
- GUIDELINES ON THE APPLICATION OF ARTICLE 81 OF THE EC
TREATY TO TECHNOLOGY TRANSFER AGREEMENTS
(C(2004)1073; SEC(2004)369)**

The Commission:

- adopted, in all the official languages, the Regulation concerning the application of Article 81(3) of the EC Treaty to categories of technology transfer agreements and the guidelines on the application of Article 81 of the EC Treaty to technology transfer agreements, as set out in C(2004)1073 and SEC(2004)369;
- decided to publish these documents in the Official Journal.

The Commission would monitor the operation of the Regulation and the guidelines closely, under the new implementation system set up by Regulation 1/2003, in order to determine whether amendments would have to be made. The Commission Member responsible for competition policy would if necessary report back to the Commission before 2009.

15. TRENDS IN THE MEMBER STATES

(SEC(2004)429)

The Commission took note of the information note from the PRESIDENT and Mr VITORINO.

16. RELATIONS WITH NON-MEMBER COUNTRIES

***THE COMMISSION'S OBJECTIVES IN THE FRAMEWORK OF RELATIONS
BETWEEN THE EUROPEAN UNION AND LATIN AMERICA, WITH A VIEW
TO THE THIRD SUMMIT OF HEADS OF STATE AND GOVERNMENT OF
THE EUROPEAN UNION, LATIN AMERICA AND THE CARIBBEAN TO BE
HELD IN GUADALAJARA (MEXICO) ON 28 MAY
(COM(2004)220 to /5; SEC(2004)398)***

The Commission adopted the communication in COM(2004)220/4 for transmission to Parliament and the Council.

17. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2004)406/2)

ADMINISTRATIVE MATTERS

(PERS(2004)49/2)

17.1. DG ADMIN - AMENDMENT OF ORGANISATION CHART AND CREATION OF DG DIGIT

(PERS(2004)50/2)

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT, the Commission:

- approved the structure and organisation chart of the Directorate-General for Information Technology (DIGIT), as set out in PERS(2004)50/2;
- approved the amendments to the organisation chart of the Personnel and Administration DG set out in PERS(2004)50/2;

- set 1 May as the implementing date for the decisions concerning the Information Technology DG, 1 April for the decisions concerning IDOC and 1 January 2004 for the administrative decision to rename a unit (“Administration” pre-office at Ispra) with retroactive effect;
- agreed to publish the vacancy notices within the deadlines mentioned in the decision.

These decisions would take effect immediately.

**17.2. APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS
(INITIAL STAGE) WITH RESPECT TO AN A2 OFFICIAL**

The Commission decided to initiate the procedure laid down in Article 50 of the Staff Regulations in respect of an A2 official.

**17.3. DG COMP - AMENDMENT OF ORGANISATION CHART
(PERS(2004)51 and /2)**

On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr MONTI, the Commission approved the amendments to the organisation chart set out in PERS(2004)51 and /2 with effect from 16 April.

18. SPRING 2004 ECONOMIC FORECASTS

**- ACTIVATION OF COMMUNITY BUDGET SURVEILLANCE
INSTRUMENTS FOLLOWING THE ECONOMIC FORECASTS
(SEC(2004)439; SEC(2004)441)**

Mr SOLBES presented the main points of the spring economic forecasts drawn up for the euro area, the European Union and the acceding and candidate countries. He mentioned the factors supporting economic recovery, the risks and possible events

that might impede it, and the budgetary trends and forecasts for the acceding countries. It was clear that the EU economy was not taking its full share in the globally positive performance of the world economy. Mr SOLBES took stock of the budgetary implications of the economic forecasts. He reviewed the situation as regards excessive budget deficits and the future prospects, and outlined the various measures that should be taken towards the Member States concerned in pursuit of the strategy defined by the Commission following the conclusions of the Council meeting (Economic and Financial Affairs) on 25 November.

Following an exchange of views on the advisability of contemplating a possible reform of the stability and growth pact, the Commission took note of the spring economic forecasts (SEC(2004)439) and endorsed the approach presented by Mr SOLBES for the activation of Community budgetary surveillance instruments (SEC(2004)441).

**19. ACT OF ADAPTATION OF THE TERMS OF ACCESSION OF THE
UNITED CYPRUS REPUBLIC TO THE EUROPEAN UNION
- STRUCTURE AND CONTENT OF THE OVERALL SOLUTION OF THE
CYPRIOT QUESTION
(COM(2004)189 to /3; SEC(2004)430)**

Mr VERHEUGEN outlined the main points of the proposal for an act of adaptation of the terms of accession of Cyprus, as part of the comprehensive settlement of the Cyprus problem devised by the United Nations and to be submitted for the approval of the two communities in a referendum on 24 April. The proposal, which included provisions concerning among other things the purchase of property, the right of residence, entry and stay as well as rules concerning certain safeguard measures and language arrangements, did not provide for any permanent exemptions. After

summarising the latest developments in the negotiations, Mr VERHEUGEN gave his analysis as to the likelihood of the guaranteeing powers accepting the proposed settlement on Wednesday 7 April, the chances of the referendum producing a positive result (involving accession of a united Cyprus to the European Union), the effects for Turkey of accepting the settlement suggested by Mr ANNAN, and the foreseeable legal and political effects if the plan were to be rejected by the voters. Mr VERHEUGEN concluded by thanking the Members' Offices and departments involved, in particular the Legal Service, for their contributions to this particularly important work.

Having congratulated Mr VERHEUGEN on his essential contribution to the results of the negotiations, the Commission adopted the proposal for an act of adaptation as set out in COM(2004)189/2 and /3, for transmission to the Council. It took note of the information in SEC(2004)430.

20. COUNCIL MEETINGS

(SI(2004)299)

INFORMAL MEETING OF ECONOMIC AND FINANCIAL AFFAIRS MINISTERS (KILDARE, 2 - 4 APRIL)

The PRESIDENT noted that the informal meeting of economy and finance ministers had confirmed the Member States' positions concerning the future financial perspective and the persistence of differences of view between the six countries that had signed the letter calling for budgetary discipline and the other Member States. After outlining the main points of the discussions, Ms SCHREYER proposed reactivating the steering group for further work within the Commission, in which the ten new Commission Members would be involved.

The Commission took note of this information and held a brief exchange of views, emphasising the need to have available a solid, updated briefing paper so as to be able to respond to the concerns and criticisms expressed by certain Member States.

Mr SOLBES pointed out that, in the absence of agreement on the name of a single European candidate for the post of Director of the International Monetary Fund, the finance ministers had asked Mr Gordon Brown, President of the IMF interim committee, to continue contacts so as to arrive at a consensus on a single candidate.

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The PRESIDENT concluded the meeting by wishing everyone a happy Easter. He expressed his personal thanks and those of the Commission to Mr SOLBES and Mr BARNIER for their work on their portfolios and their contribution to the Commission's work and to European integration, and wished them all success in their new posts.

Mr SOLBES thanked the PRESIDENT and his colleagues for their cooperation and support. His four-and-a-half years at the Commission had been an enriching experience and he was satisfied with the work carried out, which had enabled progress to be made in some difficult subject areas, although a great deal remained to be done.

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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 1200 hours.