



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 16 June 2004

MINUTES
of the 1661st meeting of the Commission
held in Brussels
(Breydel)
on Wednesday 9 June 2004
(morning)

These minutes were approved by the Commission at its 1662nd meeting, held in Brussels on 16 June 2004.

They contain 21 pages.

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Single sitting: Wednesday 9 June (morning)

The sitting opened at 0910 hours with Mr KINNOCK, Vice-President, in the chair.

Present:

Mr KINNOCK Vice-President

Mr MONTI

Mr FISCHLER

Mr LIIKANEN

Mr BOLKESTEIN

Mr BUSQUIN

Mr NIELSON

Mr PATTEN

Mr LAMY

Mr BYRNE

Ms REDING

Ms SCHREYER

Ms WALLSTRÖM

Mr VITORINO

Mr DIMAS

Mr BARROT

Mr ALMUNIA

Mr BALÁZS

Ms HÜBNER

Mr KALLAS

Mr BORG

Ms KALNIETE

Ms GRYBAUSKAITĖ

Mr POTOČNIK

Mr FIGEL

Mr KYPRIANOU

Mr TELIČKA

Absent:

Mr PRODI

President

Ms de PALACIO

Vice-President

Mr VERHEUGEN

The following sat in to represent absent Members of the Commission

Mr MANSERVISI	Chef de cabinet to the President
Mr CALLEJA	Chef de cabinet to Ms de Palacio
Mr TEMPEL	Chef de cabinet to Mr Verheugen

The following also sat in

Mr PETITE	Director-General, Legal Service	
Ms CORUGEDO STENEBOG	Press and Communication DG	
Ms GMINDER	Spokeswoman	Items 10, 17 and 18
Mr THOMAS	Spokesman	
Ms UDWIN	Spokeswoman	
Mr DE LECEA	Adviser in the President's Office	Items 12 to 15
Mr SMULDERS	A member of the President's staff	Item 11
Mr KOOPMAN	Chef de cabinet to Mr Kinnock	
Mr TERRITT	A member of Mr Byrne's staff	Item 17
Mr ANNERBERG	Chef de cabinet to Ms Wallström	Items 1 to 11
Mr SERVOZ	Secretariat-General	Items 12 to 15
Mr GIUSTA	Secretariat-General	Items 12 to 15

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

**1. AGENDAS AND QUARTERLY ROLLING PROGRAMME
(OJ(2004)1661/3; SEC(2004)722/2; SEC(2004)676)**

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 16 June to 29 September.

**2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2004)1661)**

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

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1660th MEETING
(2 June)
(PV(2004)1660 and /2; PV(2004)1660, Part II)**

The Commission approved the minutes of its 1660th meeting.

4. PERMANENT REPRESENTATIVES COMMITTEE

The Commission took note of the information communicated to it relating to the work of Coreper.

It paid particular attention to the following:

***PREPARATIONS FOR COUNCIL MEETING (TRANSPORT,
TELECOMMUNICATIONS, ENERGY) (10 AND 11 JUNE)
- PROPOSAL FOR A DIRECTIVE ON SHIP-SOURCE POLLUTION AND ON
THE INTRODUCTION OF SANCTIONS, INCLUDING CRIMINAL
SANCTIONS, FOR POLLUTION OFFENCES
(SI(2004)521; SEC(2004)765)***

With a view to a possible agreement by qualified majority, the Commission authorised Ms de PALACIO to support the Presidency compromise along the lines set out in SEC(2004)765 and subject to the statement reproduced therein.

The Commission also decided to reserve its position on its proposal for a framework decision to strengthen the criminal law framework for the enforcement of the law against ship-source pollution (COM(2003) 227 final).

5. MONITORING THE APPLICATION OF COMMUNITY LAW

***COMMISSION INTERVENTION IN CASE C145/04
(SEC(2004)750/2)***

The Commission adopted the decisions in SEC(2004)750/2.

6. WRITTEN PROCEDURES AND EMPOWERMENT

6.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2004)723 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 1 and 4 June.

6.2. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2004)725)

The Commission took note of written procedures initiated between 1 and 4 June for the adoption of decisions with political implications.

6.3. *EMPOWERMENT*

(SEC(2004)726 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 1 and 4 June.

6.4. *DELEGATION AND SUBDELEGATION OF POWERS*

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 1 and 4 June, as archived on the "Greffé 2000" (Registry) website.

7. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2004)727/2)

ADMINISTRATIVE MATTERS
(PERS(2004)92)

7.1. INITIAL COMMUNICATION UNDER ARTICLE 50 OF THE STAFF
REGULATIONS

The Commission decided to initiate the procedure laid down in Article 50 of the Staff Regulations in respect of an A*15 official.

7.2. CANCELLATION OF CERTAIN PRIVATE CONTRACTS
(SEC(2004)763)

The Commission approved the approach set out in SEC(2004)763.

8. GUIDELINES FOR APPLYING ARTICLE 22 OF THE STAFF
REGULATIONS (FINANCIAL LIABILITY OF OFFICIALS)
(SEC(2004)730 to /5)

The Commission adopted guidelines for applying Article 22 of the Staff Regulations, as set out in SEC(2004)730/5.

It noted that the staff concerned would be given detailed information on the implementation of these guidelines.

**9. COMMUNICATION ON A EUROPEAN ENVIRONMENT AND HEALTH
ACTION PLAN 2004-10**

(COM(2004)416 to /4; SEC(2004)729; SEC(2004)738)

The Commission approved the communication in COM(2004)416/3 and /4 for transmission to Parliament, the Council and the Economic and Social Committee, together with the extended impact assessment in SEC(2004)729 (staff working paper).

10. COUNCIL MEETINGS

(SI(2004)534)

ECONOMIC AND FINANCIAL AFFAIRS

(LUXEMBOURG, 2 JUNE)

(SI(2004)516)

Mr BOLKESTEIN reported on the Council meeting. Referring to the bilateral agreements on the taxation of savings concluded with five non-member countries (Andorra, Liechtenstein, Monaco, San Marino and Switzerland), he drew attention to the specific problems arising in the implementation of the agreement by Switzerland.

The Commission took note of this information. Contacts were in progress between the Swiss authorities and the Commission departments most concerned so as to make sure the measures entered into force on the scheduled date.

11. INTERGOVERNMENTAL CONFERENCE

The Commission took note of the information supplied by Mr VITORINO concerning

- the timetable drawn up by the Irish Presidency for making various conclusive documents available before the ministerial meeting on 14 June and the European Council on 17 and 18 June;
- the latest state of play concerning the main provisions which were particularly important and/or problematic for the Commission.

The Commission held a brief exchange of views on certain of these points, particularly the scope of the qualified majority. It noted in particular the very worrying situation as regards trade policy and international negotiations on services, where there was a move towards taking decisions by unanimity – a significant retrograde step compared with the existing body of Community law and practice.

The Commission noted that it would have to discuss the Intergovernmental Conference negotiations again at its next meeting, on the eve of the European Council meeting.

12. SYNTHESIS OF ANNUAL ACTIVITY REPORTS 2003 OF DIRECTORATES-GENERAL AND SERVICES

(COM(2004)418 to /4; SEC(2004)732 to /3; SEC(2004)737; SEC(2004)766)

13. SECOND ANNUAL REPORT OF THE AUDIT PROGRESS COMMITTEE FOR THE PERIOD MAY 2003 TO APRIL 2004

(SEC(2004)731; SEC(2004)737; SEC(2004)766)

14. INTERNAL AUDITOR'S REPORT FOR 2003

(SEC(2004)719 to /3; SEC(2004)737; SEC(2004)766)

**15. OVERVIEW ON THE STATE OF INTERNAL CONTROL IN THE
COMMISSION DGs AND SERVICES IN 2003**

(SEC(2004)720 to /3; SEC(2004)737; SEC(2004)766)

The Commission considered all these documents together.

Mr KINNOCK introduced the dossiers. The synthesis of the annual reports of the Directorates-General and departments was an important expression of the Commission's collective responsibility for the sound management of its departments. Drawn up in line with the commitments made as part of the reform of the Commission and intended in the first instance for the external auditor and the discharge authority, the report was based on the annual activity reports and statements of the Directors-General and on the three other documents now before the Commission. The internal auditor's annual report for 2003 was an entirely independent assessment by the internal auditor, an essential principle which must be preserved without putting any obstacle in the way of improving the auditor's working methods. The work of the audit progress committee had also been useful, as reflected in its report. Mr KINNOCK, supported by Ms SCHREYER, thanked Ms REDING and Mr VITORINO for their participation in that committee. As to the substance, the various reports brought no new factors to light, the accent being placed on implementing the action plans of previous years. In conclusion, he commented on the major importance of the instruments put in place by the Commission as part of its administrative reform, which allowed it to measure its performance and to report thereon in a transparent manner. On the basis of the achievements of the reform, the internal control system should enable the Commission in due course to secure a positive assurance from its departments and, ultimately, from the Court of Auditors.

Ms SCHREYER briefly presented the *Overview on the state of internal control in 2003 in the Commission DGs and services*, emphasising the special needs in 2003, the first year of application of the new Financial Regulation and of full implementation of the 24 internal control standards. The purpose of the internal control standards went beyond purely financial questions, covering aspects related, among other things, to the management of human resources. She concluded by emphasising the major progress achieved by the Commission as regards internal control over recent years, and asked Commission Members to pay special attention to the observations in the document concerning the departments under their responsibility.

The Commission held an exchange of views on all these documents. It highlighted the following aspects in particular:

- the importance and complexity of the exercise and the difficulty of presenting it;
- the factors to be taken into account in future revisions of the Financial Regulation and/or its detailed implementing rules;
- the advisability for the Commission of making an assessment of what had been achieved under administrative reform;
- the nature and role of the internal auditor, particularly in connection with the internal and external control bodies;
- the need to put into perspective the technical difficulties and requirements connected with management when set against the political objectives to be achieved;

- the usefulness of having an overall view of the resources used within the institution in the tasks of supervision of internal control, audit and risk management.

Following this exchange of views, the Commission:

For item 12:

- took note of the communication from the PRESIDENT, in agreement with Mr KINNOCK and Ms SCHREYER, in SEC(2004)766;
- approved the summary report of the annual activity reports for 2003 of the Directorates-General and departments, as set out in COM(2004)418/4, for transmission, subject to any drafting amendments, to Parliament, the Council and the Court of Auditors, accompanied by the staff working paper in SEC(2004)732/3;
- took note of the annual activity reports and declarations 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;
- instructed departments to implement the specific action plans drawn up to remedy the shortcomings noted in the annual activity reports and also to continue implementation of the actions arising from previous years' summary reports for the subject areas for which they were responsible;
- authorised the Commission Members responsible for administrative reform and the budget to present the synthesis report to the competent bodies of Parliament, in particular the Committee on Budgets and the Committee on Budgetary Control;

For item 13:

- took note of the third annual report of the audit progress committee in SEC(2004)731;

For item 14:

- took note of the annual report of the Internal Auditor for 2003 in SEC(2004)719 and /3;

For item 15:

- took note of the communication *Overview on the state of internal control in 2003 in the Commission DGs and services* and its annexes (SEC(2004)720 and /3).

**16. THE EU AND IRAQ - A FRAMEWORK FOR ENGAGEMENT
(COM(2004)417 to /5; SEC(2004)748)**

Mr PATTEN tabled a communication proposing a new framework for the Union's relations with Iraq. Drawn up in response to a request by the October 2003 European Council, the document – to be accompanied by a joint letter from Mr PATTEN and the High Representative, Mr SOLANA – would serve as a basis for the discussions at the forthcoming Council meeting (General affairs and external relations) and at the European Council on 17 and 18 June. It identified the action to be taken by the Union in the immediate future, after the elections scheduled for 2005, and in the medium term. Three objectives were proposed in support of the strategy, viz.: the development of democracy, security and stability in Iraq; the establishment of an open, stable and sustainable market economy; the economic and political integration of Iraq in its regional and international context. The

communication was intended to send a strong, positive political signal from the Union to the Iraqi authorities and society, bearing in mind that the security conditions and the progress of the transition policy would be determining factors in the pace and capacity of implementation and should be the subject of ongoing assessment. Mr PATTEN pointed to the importance of the resolution adopted on 8 June by the UN Security Council, confirming the complete transfer of sovereignty to Iraq and strengthening the central role of the UN.

Having taken note of these observations, the Commission held an exchange of views, commenting in particular on: the appropriate moment for the presentation of the communication, and its balanced nature; the thrust and the political and international scope of the resolution adopted by the UN Security Council; the need for the Union's future strategy to be based on taking the interests of the Iraqi people into account and involving their representatives closely; the nature and precise details of future financial commitments that might be made by the Union; the conditions for and implications of an absorption of Iraq's external debt; the possibility of setting up an EU representation in Iraq; the subject areas to which the Union could bring experience or special qualifications (particularly the consolidation and development of civil society; environmental protection, in particular as regards water).

Having noted that the text would be updated to take account of the adoption of UN Security Council Resolution 1456, the Commission approved the communication in COM(2004)417/5 for transmission to the Council and Parliament.

17. COUNCIL MEETINGS (continued from item 10)
(SI(2004)534)

**17.1. EMPLOYMENT, SOCIAL POLICY, HEALTH AND CONSUMER
AFFAIRS**

(LUXEMBOURG, 1 AND 2 JUNE)

(SI(2004)514; SI(2004)515)

Mr DIMAS reported on the Council's discussions on employment and social policy. He referred to the main points agreed by the ministers (particularly the employment package 2004, and the amendment of the Regulation on the application of social security schemes for migrant workers) and observed that his presentation of the communication on the social dimension of globalisation had been welcomed. He also mentioned the discussions on the initiative for the establishment of a European Gender Institute, the communication on healthcare and long-term care on the basis of the open coordination method, and a general discussion on the Directive implementing the principle of equal treatment between women and men in access to goods and services and the supply thereof.

The Commission took note of this information and held a brief exchange of views on the political impact within the various Council bodies of the proposal for a Directive concerning access to goods and services. It agreed on the need to hold a more detailed debate on this subject at a future meeting, on the basis of a presentation by Mr BOLKESTEIN.

17.2. JUSTICE AND HOME AFFAIRS
(LUXEMBOURG, 8 JUNE)

Mr VITORINO reported on the Council meeting, and particularly the presentation by the High Representative of his report on intelligence

capabilities. He also drew attention to the political agreement reached on establishing a European refugee fund; the guidelines for developing the European visa information system (VIS); the compulsory inclusion in European passports of a digital photo and the optional introduction of a second biometric identifier in the shape of a digital fingerprint.

18. RELATIONS WITH NON-MEMBER COUNTRIES

SUSPENSION BY RUSSIA OF IMPORTS OF PRODUCTS OF ANIMAL ORIGIN FROM THE EUROPEAN UNION

Mr BYRNE reported on the approaches made to solve this problem, pointing out that, following interventions by PRESIDENT, Mr PATTEN, Mr LAMY and himself, the Russian authorities had agreed to lift their suspension and to resume negotiations.

The Commission held a brief exchange of views, covering the implications of the Russian measures for the new member countries, the political sensitivity of this matter and the need for an approach at the highest political level.

19. OTHER BUSINESS

19.1. WORK ON THE FINANCIAL PERSPECTIVE POST 2006

Ms SCHREYER reported on the current state of play in the Council. Excellent cooperation had been developed with the Irish Presidency, and she had also had contacts with the Dutch Presidency at the Council meeting (Economic and Financial Affairs) on its plans for taking this dossier forward.

19.2. EUROPEAN ELECTIONS

Following observations by Ms WALLSTRÖM, the Commission endorsed her concerns as to the worrying forecasts of low turnout at the European elections. It agreed on the need to study in greater detail the causes of citizens' lack of interest in European integration and how to remedy this.

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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 1230 hours.