



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2004)1668 final

Brussels, 8 September 2004

MINUTES
of the 1668th meeting of the Commission
held in Brussels
(Breydel)
on Friday 3 September 2004
(morning)

These minutes were approved by the Commission at its 1669th meeting, held in Brussel on 8 September 2004.

They contain 21 pages.

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Single sitting: Friday 3 September (morning)

The sitting opened at 0920 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 BOLKESTEIN	
Mr BUSQUIN	
Mr NIELSON	
Mr VERHEUGEN	
Mr PATTEN	
Mr LAMY	
Mr BYRNE	
Ms REDING	
Ms SCHREYER	
Ms WALLSTRÖM	
Mr VITORINO	
Mr DIMAS	
Mr ALMUNIA	
Mr BALÁZS	
Ms HÜBNER	
Mr KALLAS	
Mr BORG	
Ms KALNIETE	
Ms GRYBAUSKAITĖ	
Mr POTOČNIK	

Mr KYPRIANOU

Mr TELIČKA

Mr REHN

Absent:

Mr BARROT

Mr FIGEL

The following sat in to represent absent Members of the Commission

Mr LE BRET	Chef de cabinet to Mr Barrot
Mr JAVORČIK	Chef de cabinet to Mr Figel'

The following also 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	
Mr DE LECEA	Adviser in the President's Office	
Mr GOZI	A member of the President's staff	
Mr SCHWAIGER	Deputy Chef de cabinet to Ms de Palacio	Items 1 to 11
Mr PEREZ MONTES	A member of Ms de Palacio's staff	Item 12
Mr ESTEVA	A member of Mr Monti's staff	
Mr CHILD	Chef de cabinet to Mr Patten	Items 11 to 14
Mr ALEIXO	A member of Mr Vitorino's staff	Items 12 to 14
Mr TABONE	Chef de cabinet to Mr Borg	Items 1 to 10
Ms CORUGEDO STENEGERG	Press and Communication DG	
Mr LEVI	GOPA	Item 11

Secretary: Mr O'SULLIVAN, Secretary-General, assisted by Mr KERSTING, Unit Head in the Secretariat-General.

1. AGENDAS

(OJ(2004)1668/3; SEC(2004)989/2)

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(2004)1668)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Tuesday 31 August.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1667th MEETING

(19 and 20 July)

(PV(2004)1667 and /2; PV(2004)1667, Part II)

In line with the arrangements agreed at the meeting in question, the Commission took note of the approval on 28 July of the minutes and special minutes of its 1667th meeting.

4. PARLIAMENT

4.1. JULY PART-SESSION

(SP(2004)1884)

The Commission took note of the information supplied relating to Parliament's part-session of 20 to 22 July (SP(2004)1884).

4.2. PARLIAMENTARY AFFAIRS GROUP

(SP(2004)1945)

The Commission took note of the record of the meeting of the Parliamentary Affairs Group held on Thursday 26 August (SP(2004)1945).

5. MONITORING THE APPLICATION OF COMMUNITY LAW: INFRINGEMENTS - REGULARISATION OF CASES POSTPONED BECAUSE OF UNAVAILABILITY OF DOCUMENTS (SEC(2004)1048)

The Commission adopted the decisions in SEC(2004)1048.

6. WRITTEN PROCEDURES AND EMPOWERMENT

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2004)990 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 July and 27 August.

6.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2004)991)

The Commission took note of written procedures initiated between 23 and 27 August for the adoption of decisions with political implications.

6.3. EMPOWERMENT

(SEC(2004)992 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 19 July and 27 August.

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 19 July and 27 August, as archived on the "Grefte 2000" (Registry) website.

**7. COMMUNICATION TO THE COMMISSION ON THE COMMISSION
DIRECTIVE OF 30 MARCH 2004 ON A PROCEEDING PURSUANT TO
ARTICLE 82 OF THE EURATOM TREATY**

(SEC(2004)1078/2)

The Commission adopted the decision in SEC(2004)1078/2.

8. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2004)993/2)

ADMINISTRATIVE MATTERS
(PERS(2004)148/2)

8.1. DG TRADE/F - TEMPORARY APPOINTMENT OF DIRECTOR

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Mr LAMY, decided under Article 7(2) of the Staff Regulations that Mr Paul VANDOREN, an A*14 official, currently Head of Unit H2 (New technologies, intellectual property, public procurement) in the Trade DG, should be deemed temporarily to have occupied the post of Director of former Directorate F, renamed Directorate H (Textiles, new technologies, intellectual property, public procurement, trade analysis) in the organisation chart of 16 June, from 16 January to 30 April.

8.2. ECHO - AMENDMENT OF ORGANISATION CHART - CREATION OF POST OF DIRECTOR-GENERAL AND DEPUTISING FOR THIS POST

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

- to approve the creation of a post of Director-General of the Humanitarian Aid Office (ECHO);
- to ask Ms Costanza ADINOLFI, an A*15 official, currently Director of ECHO, to perform the duties of Director-General of ECHO from the date of creation of the post until it was definitively filled.

These decisions would take effect immediately.

The Commission noted that the Members concerned intended shortly to propose a more extensive amendment of the ECHO organisation chart, including the creation of a new post of Director.

**8.3. APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS
(INITIAL STAGE) WITH RESPECT TO AN A*16 OFFICIAL**

The Commission decided to initiate the procedure laid down in Article 50 of the Staff Regulations in respect of an A*16 official.

**8.4. PMO - APPLICATION OF ARTICLE 50 OF THE STAFF
REGULATIONS (SECOND STAGE) WITH RESPECT TO AN A*16
OFFICIAL
(PERS(2004)151)**

The Commission continued its discussions on this matter, begun on 19 and 20 July (PV(2004)1667).

The Commission, on a proposal from Mr KINNOCK, in agreement with the PRESIDENT, adopted the decision in PERS(2004)151 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Ms Edith KITZMANTEL, an A*16 official, currently Director of the Office for administration and payment of individual entitlements (PMO).

This decision would take effect on 1 October.

**8.5. APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS
(INITIAL STAGE) WITH RESPECT TO AN A*15 OFFICIAL**

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

**8.6. APPLICATION OF ARTICLE 50 OF THE STAFF REGULATIONS
(INITIAL STAGE) WITH RESPECT TO AN A*15 OFFICIAL**

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

**8.7. ENISA - APPOINTMENT OF EXECUTIVE DIRECTOR - PROPOSAL
FOR A COMMISSION SHORTLIST
(PERS(2004)149)**

Having noted the procedure followed for considering the applications received for this post, as set out in PERS(2004)148/2, as well as the opinion of the Consultative Committee on Appointments of 28 July (PERS(2004)149), the Commission decided:

- to approve the shortlist of four candidates recommended by Mr REHN in PERS(2004)148/2;
- to considerer this list as the Commission's proposal under Article 7 of Parliament and Council Regulation (EC) 460/2004 of 10 March 2004;
- to ask Mr REHN to communicate this decision to the Management Board of the European Network and Information Security Agency.

These decisions would take effect immediately.

**8.8. DG TREN - A*14/A*15 POST OF CHIEF ADVISER
(PERS(2004)99 to /4)**

The Commission had before it applications under Article 29(1)(a) and 29(2) of the Staff Regulations (old nomenclature) for the post of Chief Adviser in the Energy and Transport DG (PERS(2004)99 and /2).

The Commission took note of the opinions of the Consultative Committee on Appointments of 13 and 22 July (PERS(2004)99/3 and /4).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KINNOCK, in agreement with the PRESIDENT and Ms de PALACIO, it then decided to appoint Mr Enrico GRILLO PASQUARELLI to the post.

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

Notwithstanding the above decision, the Commission noted the excellent professional qualities of Mr Christian DANIELSSON.

**9. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY
AND ARTICLE 53 OF THE EEA AGREEMENT
(CASE COMP/E1/38.069 – COPPER PLUMBING TUBES)
(C(2004)2826 to /28; SEC(2004)996; SEC(2004)1117)**

The Commission:

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 12 July and 23 August in C(2004)2826/2 and /6;
- took note of the final report of the Hearing Officer in C(2004)2826/3;
- adopted, in the authentic languages (Dutch, English, Finnish, French, German, Greek, Italian and Swedish), the decision in C(2004)2826/7, concluding that the companies named had infringed Article 81(1) of the EC Treaty and, with effect from 1 January 1994, Article 53(1) of the EEA Agreement, and imposing fines on them totalling €222.3 (€222.2911) million;
- decided that the versions with certain business secrets removed, set out in C(2004)2826/8 to /28, would be notified to Wieland Werke AG (C(2004)2826/8), Buntmetall Amstetten Ges.m.b.H. (C(2004)2826/9), Austria

Buntmetall AG (C(2004)2826/10), Mueller Industries Inc. (C(2004)2826/11), Mueller Europe Ltd (C(2004)2826/12), DENO Holding Company Inc. (C(2004)2826/13), DENO Acquisition EURL (C(2004)2826/14), Outokumpu Oyj (C(2004)2826/15), Outokumpu Copper Products Oy (C(2004)2826/16), KM Europe Metal AG (C(2004)2826/17), Tréfinmetaux SA (C(2004)2826/18), Europe Metalli SpA (C(2004)2826/19), Halcor SA (C(2004)2826/20), Boliden Cuivre & Zinc SA (C(2004)2826/21), Boliden AB (C(2004)2826/22), Boliden Fabrication AB (C(2004)2826/23), Yorkshire Copper Tube Ltd (formerly IMI Yorkshire Copper Tube Ltd) (C(2004)2826/24), IMI Kynoch Ltd (C(2004)2826/25), IMI plc (C(2004)2826/26), HME Nederland B.V. (C(2004)2826/27) and WTC Holding Company Inc. (C(2004)2826/28);

- decided that the most important parts of the decision would be published in all the official languages in the L series of the Official Journal (with business secrets removed). The decision would also be made available on the internet.

10. COUNCIL MEETINGS

(SI(2004)696)

INFORMAL MEETING OF FOREIGN MINISTERS (GYMNICH)

(MAASTRICHT, 3-4 SEPTEMBER)

Mr PATTEN reported on the agenda for this informal meeting, in particular the preparations for the ASEM summit (Asia-Europe Meeting), to be held in Hanoi in October, and Myanmar's possible participation in it. He briefly outlined a compromise that could satisfy the European and Asian parties to ASEM on this question, which would be put to the Foreign Ministers at the informal meeting.

The Commission took note of this information.

11. COMMUNICATION ON STRENGTHENING ECONOMIC GOVERNANCE (COM(2004)581 to /3; SEC(2004)1096)

Mr ALMUNIA introduced the communication, presented by the PRESIDENT and himself and drawn up in response to the request by the June European Council to strengthen and clarify implementation of the stability and growth pact. It was based on the ideas for strengthening economic governance set out in the 24 June communication *Public finances in EMU - 2004* (COM(2004)425 final), and also took into account the implications of the Court of Justice judgment of 13 July. The communication set out the main lines of the debate to be relaunched, particularly with the relevant bodies of the Council. On the basis of the widest possible consensus, specific legislative proposals should follow, probably in 2005, under the responsibility of the new Commission. Mr ALMUNIA outlined the four essential principles that could be explored with a view to reforming the system. Reminding the meeting of the instruments at the Union's disposal in this matter (the broad economic policy guidelines and the stability and growth pact) and based on the lessons of the pact's operation after five years' experience, he observed that the reorientation of the pact was justified essentially by reasons of economic coherence. He reviewed possible ways of reconciling budgetary discipline with economic growth considerations, strengthening the credibility and effectiveness of the pact in order to achieve its original objectives, and improving Member States' adherence to it.

The Commission took note of this information and held an in-depth discussion, addressing the following aspects in particular:

- the importance for the Commission of highlighting adherence to the fundamental principles underlying the pact and the reaffirmation of its two

essential reference points, viz. the 3% ratio between government deficit and GDP and the 60% ratio between public debt and GDP, while pursuing the aim of improving the practical feasibility of the pact;

- the need to strengthen the link between the pact and the objectives of the Lisbon Strategy; more generally, the need to boost coordination between all the instruments at the Union's disposal as regards economic governance and budgetary coordination;
- the ideal balance to be struck between, on the one hand, rigour and firmness and, on the other, the need to take national circumstances into account, by identifying criteria for the surveillance activity that were as transparent, clear and simple as possible, while ensuring equal treatment of the Member States and avoiding an *à la carte* pact in a Union of 25 characterised by a greater diversity of economic situations;
- the need, when taking public debt into account in the excessive deficit procedure, to assess its momentum, its quality and its trend, in particular for debt intended to finance large infrastructure works;
- concerning public expenditure, the possibility of identifying better the type of investments that help create growth;
- the possibility of better reflecting in a revised pact the impact of structural reforms and the allocation of excess revenue during growth periods;
- the need to improve the preventive nature and "early-warning" aspect of intervention by the Commission itself in the budgetary surveillance process;
- the importance of the quality of the statistical data supplied to the Commission so that it can make a sound assessment of the budgetary positions of the

Member States and thereby to have available a reliable and comparable basis, as well as the need to strengthen analytical capacity within the Commission.

Following the debate, the Commission agreed the following amendments to COM(2004)581/3:

- at the end of the second paragraph of item 1 (page 2), the last sentence to read:

"... and enforcement. The aim is not to increase the rigidity or flexibility of current rules but rather to make them more effective.";
- the last paragraph of section (i) of item 2 to begin:

"...excessive deficit procedure, increased knowledge is required of factors that affect the long-term sustainability of public finances, such as pension or contingent liabilities and assets.";
- the end of the fourth paragraph of section (iii) of item 2 to read:

"...implies, which could involve the risk of losing the momentum of necessary surveillance in the right moment.".

Subject to these changes and any drafting amendments, the Commission approved the communication on strengthening economic governance in COM(2004)581/3 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Central Bank.

12. TRENDS IN THE MEMBER STATES

(SEC(2004)1077)

Further to the information note in SEC(2004)1077, Mr VITORINO commented on the results of the inquiry carried out by Eurobarometer *Flash* concerning citizens'

level of awareness of a number of questions relating to the draft Constitution. Substantial information and communication work would be necessary to increase knowledge in the various subject areas and to shift the centre of interest, including that of the press, from the procedural aspects in connection with ratification to the actual content of the Constitution.

The Commission took note of this information.

13. RELATIONS WITH NON-MEMBER COUNTRIES

13.1. NEGOTIATIONS WITH THE RUSSIAN AUTHORITIES ON THE CERTIFICATION OF EXPORTS OF ANIMAL PRODUCTS TO RUSSIA

Mr BYRNE reported on his contacts with the Russian authorities on the revision of the system for the certification of exports of products of animal origin from the EU to Russia. He drew attention to certain aspects of the agreement reached, particularly the introduction of uniform certificates (which, however, continued to be signed by the Member States), acceptance in principle of regionalisation, and the creation of a supervisory committee relating to fraudulent activities. The draft agreement, signed at technical level, would initially be discussed by the Agriculture Ministers at their next informal meeting from 5 to 7 September in Noordwijk.

The Commission took note of this information and congratulated Mr BYRNE and his departments for their excellent work in this sensitive matter.

**13.2. CONCLUSION OF DOHA DEVELOPMENT AGENDA FRAMEWORK
AGREEMENT
(SEC(2004)1044)**

Further to the information note distributed on this subject (SEC(2004)1044), Mr LAMY and Mr FISCHLER briefly explained the process by which a very satisfactory framework agreement had been reached at the beginning of August in the WTO negotiations on the Doha Development Agenda, as well as the main points of the agreement, marking the end of an important stage in the negotiations and the beginning of the final stage leading up to the conclusion of a definitive agreement.

The Commission congratulated Mr LAMY and Mr FISCHLER on the excellent results achieved and on the fruitful cooperation between their respective departments in this complex matter.

**14. GENERAL DEBATE ON THE RECORD OF THE PRODI COMMISSION
(SEC(2004)1090/2)**

Following a brief exchange of views on the best way to draw up the record of its term of office, the Commission agreed that an official document would be produced, to be presented by the PRESIDENT to Parliament at a plenary debate on 13 October. The PRESIDENT asked Commission Members to let him have their contributions in writing as soon as possible.

Several Commission Members noted the importance of striking the right balance in this official document, which should compare the results of the Commission's work with the objectives it had set for itself in 1999.

The Commission noted that the document now before it (SEC(2004)1090/2) was a staff paper, constituting a first inventory of the results achieved by the present Commission, that could serve as a starting point for the discussions, but which had no official status.

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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.