



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

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Brussels, 25 January 2006

MINUTES
of the 1729th meeting of the Commission
held in Strasbourg
(Winston Churchill Building)
on Tuesday 17 January 2006
(afternoon)

PV(2006)1729 final

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Single sitting: Tuesday 17 January (afternoon)

The sitting opened at 1316 hours with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Mr DIMAS		
Mr ALMUNIA		
Ms HÜBNER		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr REHN		
Mr KOVÁCS		
Ms KROES		Items 11 (in part) and 12
Ms FISCHER BOEL		
Mr McCREEVY		
Mr ŠPIDLA		Items 11 (in part) and 12
Mr MANDELSON		
Mr PIEBALGS		Items 1 to 12 (in part)

Absent:

Ms REDING

Mr KYPRIANOU

Mr MICHEL

Ms FERRERO-WALDNER

The following sat in to represent absent Members of the Commission

Mr CHANTERIE	A member of Ms Reding's staff
Mr GIORDANI	A member of Mr Kyprianou's staff
Mr LEVIE	A member of Mr Michel's staff
Mr SCHWAIGER	Deputy Chef de cabinet to Ms Ferrero-Waldner

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	
Mr PETITE	Director-General, Legal Service	
Mr SØRENSEN	Director-General, Press and Communication	
Mr LAITENBERGER	Commission Spokeswoman	
Mr MOAVERO-MILANESI	Director-General, Bureau of European Policy Advisers (BEPA)	
Ms GAGO FILORI	A member of Mr Kovács' staff	Item 11 (in part)
Mr GUERSENT	Deputy Chef de cabinet to Ms Kroes	Items 1 to 11 (in part)
Ms SOEWARTA	A member of Mr Piebalgs' staff	Item 12 (in part)
Mr LEARDINI	Secretariat-General	

Secretary: Ms DAY, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS

(OJ(2006)1729/3; SEC(2006)36/2)

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(2006)1729)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 16 January.

3. MINUTES OF 1728th MEETING (11 January)

(PV(2006)1728)

The Commission approved the minutes of its 1728th meeting.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. *WRITTEN PROCEDURES APPROVED*

(SEC(2006)37 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 9 and 13 January.

4.2. *SENSITIVE WRITTEN PROCEDURES*

(SEC(2006)38)

The Commission took note of written procedures initiated between 9 and 13 January for the adoption of decisions with political implications.

4.3. EMPOWERMENT
(SEC(2006)39 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 9 and 13 January.

4.4. DELEGATION AND SUBDELEGATION OF POWERS

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation procedure between 9 and 13 January, as archived on the "Greffé 2000" (Registry) website.

5. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2006)40/3)

ADMINISTRATIVE MATTERS
(PERS(2006)7/3)

5.1. DG ENV – APPOINTMENT OF A*14/15 DIRECTOR
(PERS(2005)145 to /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director, Directorate A (Governance, Communication and Civil Protection) in the Environment DG (PERS(2005)145).

The Commission took note of the opinions of the Consultative Committee on Appointments of 23 November and 1 December 2005 (PERS(2005)145/2 and /3).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr DIMAS, it then decided to appoint Ms Pia BUCELLA to the vacant post.

This decision would take effect on a date to be determined.

5.2. 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 with respect to an A*16 official.

5.3. DG ADMIN - APPLICATION OF THE ARTICLE 50 PROCEDURE (SECOND STAGE) WITH RESPECT TO AN A*15 OFFICIAL (PERS(2006)8)

The Commission continued its discussions on this matter, begun on 12 October 2005 (PV(2005)1718).

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT, adopted the decision in PERS(2006)8 to apply the second stage of the procedure laid down in Article 50 of the Staff Regulations with respect to Mr Photius NANOPOULOS, an A*15 official, currently Chief Adviser in the Personnel and Administration DG.

This decision would take effect on 1 March 2006.

5.4. DGT – ADOPTION OF A LIST FOR THE RECRUITMENT OF AN A*14 DIRECTOR AT THE TRANSLATION CENTRE FOR THE BODIES OF THE EUROPEAN UNION (PERS(2005)140; PERS(2006)9)

The Commission noted the procedure followed in this matter, as set out in PERS(2006)7/3, and, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr FIGEL', decided :

- to approve the list of three candidates set out in PERS(2006)7/3;
- to consider this list as the Commission proposal under Article 9 of Regulation (EC) No 2965/94;
- to ask Mr FIGEL' to communicate this decision to the management board of the Translation Centre for the Bodies of the European Union.

This decision would take effect immediately.

**6. COMMISSION COMMUNICATION ON THE PROMOTION OF
TRANSPORT BY INLAND WATERWAY – AN INTEGRATED EUROPEAN
ACTION PROGRAMME FOR INLAND WATERWAY TRANSPORT
("NAIADES")
(COM(2006)6 to /4; SEC(2006)34 to /3; SEC(2006)55 and /2)**

The Commission approved the communication in COM(2006)6/4 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, together with the staff paper distributed as SEC(2006)34/3, the contents of which were noted.

**7. COMMISSION COMMUNICATION ON THE ACTION PLAN TOWARDS
AN INTEGRATED INTERNAL CONTROL FRAMEWORK**

**8. TOWARDS AN INTEGRATED INTERNAL CONTROL FRAMEWORK:
GAP ANALYSIS AND ACTION PLAN FOR COMMISSION SERVICES
(COM(2006)9 to /3; SEC(2006)49 and /2; SEC(2006)51; SEC(2006)57)**

The Commission approved the communication in COM(2006)9/3 for transmission to Parliament, the Council and the Court of Auditors, accompanied, for information purposes, by SEC(2006)49/2, the contents of which were noted.

The Commission noted that it might be necessary to revisit certain aspects of the dossier, particularly with a view to ensuring that they were fully consistent with the legislative proposals on the 2007-13 financial perspective.

**9. TRANSFORMING THE COMMISSION DELEGATIONS IN BULGARIA
AND ROMANIA INTO COMMISSION REPRESENTATIONS
(SEC(2006)60 to /3)**

The Commission adopted the communication in SEC(2006) 60/3, while noting that it might be necessary to revisit this dossier following the decisions on the actual date of accession to the EU of Bulgaria and Romania.

10. OTHER BUSINESS

***THE QUALITY OF PUBLIC FINANCES
(SEC(2006)78)***

The Commission took note of the information note from Mr ALMUNIA in SEC(2006)78.

**11. INTERINSTITUTIONAL RELATIONS
(SEC(2006)58)**

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 13 January (SEC(2006)58).

It paid particular attention to the following points:

11.1. LEGISLATIVE MATTERS

**i) Preparations for January part-session
(point 1.2.1 of the record)**

In accordance with the rules in force, the Commission authorised the Commission Members responsible, in agreement with the PRESIDENT, Ms WALLSTRÖM 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

- JARZEMBOWSKI report – Market access to port services –
COM(2004)654 – 2004/0240(COD)

Mr BARROT reported on the background and circumstances surrounding this highly sensitive dossier, in the light of the vote to be taken shortly in Parliament on the new proposal presented by the Commission after the failure of the conciliation in November 2003.

Having taken note of this information, the Commission held a discussion, focusing in particular on the following:

- the advisability, within the framework of the interinstitutional agreement on better lawmaking, of considering the impact on the sector concerned of the proposals before the legislative authority;
- the relevance of the policy of liberalisation in many areas where this policy would appear to be necessary and useful;
- the characteristics of the port sector;
- the need to safeguard institutional continuity and maintain a coherent political line.

The PRESIDENT concluded by emphasising the importance of having an overall strategy for European ports, particularly as regards the competitiveness of this sector in the context of the Lisbon Strategy. In the light of the result of the vote in Parliament, the Commission would initiate a debate on the action to be taken on this dossier. To prepare for this debate, Mr BARROT was asked to draw up a document containing an analysis of the situation and possible options and give a first overview of this document at the next Commission meeting.

The PRESIDENT also asked the Legal Service to draw up an opinion on the question of institutional continuity for the Commission's attention.

With a view to the vote in Parliament, the Commission adopted the line set out in SP(2005)5066/2.

- LETTA report – Structure and activity of foreign affiliates (Statistics)
COM(2005)88, 2005/0016 (COD)

The Commission adopted the line set out in SP(2005)5064.

11.2. RELATIONS WITH THE COUNCIL **(SI(2006)17)**

ii) List of sensitive dossiers

(point 2.2 of the record)

Reduced VAT rates

Mr KOVÁCS presented the latest developments in the Council on the dossier on reduced VAT rates. Pending the results of the Council meeting (Economic and Financial Affairs) on 24 January, the Commission had decided in December 2005 to suspend the launching of infringement proceedings against Member States which would be in an irregular situation after 1 January 2006 because they were applying, without any legal basis, reduced rates for labour-intensive services. Mr KOVÁCS pointed to the high political sensitivity of the dossier and mentioned the letter he had sent to the Finance Ministers of the 25 Member States. He hoped that a policy agreement could be reached on the basis of a compromise proposal by the Council Presidency. He announced his intention of presenting this dossier again at the next Commission meeting in the light of the results secured in the Council.

The Commission took note of this information.

iii) TACs and quotas

(point 2.3 of the record)

The Commission confirmed the agreement given *ad referendum* by Mr BORG to the compromise presented by the Council Presidency, which had been achieved by qualified majority at the Council meeting (Agriculture and Fisheries) on 20, 21 and 22 December, in accordance with the line set out in SI(2006)4.

11.3. RELATIONS WITH PARLIAMENT

iv) Preparations for January part-session: non-legislative dossiers

(point 3.1 of the record)

- DUFF/VOGGENHUBER report: Structure, subject and framework for an assessment of the debate on the Union (2005/2146 (INI))

The Commission took note of SP(2006)62 and /3.

v) Approval of action taken on opinions and resolutions adopted by Parliament at its December part-session

(point 3.5. of the record)

The Commission adopted and decided to transmit to Parliament SP(2006)53 on the action taken on Parliament's opinions and resolutions at its December part-session.

vi) Participation of Members of Parliament in international conferences: annual meeting of the General Fisheries Commission for the Mediterranean, Istanbul, 24-27 January

(point 3.6 of the record)

The Commission decided to give a positive answer to the request from Mr BORRELL, President of Parliament, to the PRESIDENT concerning the participation of three members of Parliament at the above-mentioned conference.

12. ANNUAL POLICY STRATEGY 2007 – POLICY DEBATE (SEC(2006)69 and /2)

Introducing the item, the PRESIDENT reminded the meeting that the main aim of the debate was to prepare the choice of priorities and set out guidelines for departments to draw up their contributions to the 2007 Annual Policy Strategy (APS), which should of course fit in with the framework defined by the strategic five-year objectives. He promised that henceforth the Commission would reflect on the best way of translating policy priorities into results that were tangible to the public. He explained that the draft decision on the APS 2007 would be submitted to

the Commission for adoption in March and that he would present it to Parliament and the Council immediately afterwards. On the basis of this Commission decision, the three institutions would hold a dialogue, following which the Commission would adopt in October 2006 its work programme for 2007. The PRESIDENT observed that the APS 2007 was atypical (the policy debate had had to be held over from December to the present meeting, pending the outcome of the European Council on the 2007-13 financial perspective). He noted that the APS decision would set the policy priorities for 2007 and determine the human resources needed to achieve them. A parallel process was under way for the financial resources: hearings had just begun with the Members' Offices concerned with a view to approval of a new breakdown of the financial resources in the headings and subheadings of the 2007-13 financial framework between the various legal instruments. This process would culminate among other things in the preparation of the 2007 preliminary draft budget in accordance with the timetable laid down.

On the substance, the PRESIDENT outlined some of the challenges facing the Commission in 2007, viz.: the possible accession of Bulgaria and Romania; the launch of a new generation of spending programmes that would have to be operational on 1 January 2007; the future of the draft Constitution; elections in France and the Netherlands; the first discharge for a full budgetary year - 2005 - that was entirely the responsibility of this Commission; the fiftieth anniversary of the Treaty of Rome.

In 2007 this Commission would reach the half-way mark in its term of office and should now be fully operational, particularly in terms of securing tangible results in pursuit of its strategic objectives. It would have to take stock of the first years of its term of office, while at the same time preparing the ground for the years that followed. The PRESIDENT placed special emphasis here on the task conferred on the Commission by the European Council to propose a full review of the structure of the European Union budget in 2008-09. He also referred to five areas where the Commission would have to follow up the informal meeting of Heads of State and Government at Hampton Court.

The PRESIDENT confirmed that all the strategic five-year objectives the Commission had set itself were appropriate and valid and stressed that growth and jobs must remain the Union's top priorities, especially if it were to reconnect with

the public, for whom employment was the main concern. The APS 2007 should therefore be built around the strategic objectives, translating them into operational measures that brought benefits to the public.

As regards the capacity to deliver results, it was crucial to ensure consistency between the five-year strategy and the practical initiatives undertaken by the Commission. To achieve this, there must be coordination at early stage between Members of the Commission and between their respective departments. He also stressed the importance for the Commission of concentrating its action on key initiatives and of ensuring that the various initiatives proposed under the APS were prepared thoroughly and rigorously with a view to their inclusion in the work programme for 2007. Finally, in line with the commitments that had been made under the interinstitutional agreement on better lawmaking, impact assessments of Commission initiatives must be carried out in advance. Moreover, preparations for a given initiative should not be pursued if the impact assessment failed to demonstrate its usefulness. Efforts would have to be stepped up to improve the quality of impact assessments and to adapt their timing so that they were available in good time to provide guidance for the Commission decisions.

After welcoming the fact that nearly 90% of the 2005 work programme had been implemented and calling for further efforts to push the rate as close as possible to 100% in 2006, the PRESIDENT invited the Members of the Commission to share their views on the policy prospects for 2007.

During the detailed discussion that followed, the Commission dealt, among other things, with the following issues:

- the vital importance for the Commission of maintaining its collective approach in order to achieve the objectives it had set itself;
- the need for better communication on priorities and initiatives, and in particular to respond to the concerns of the public and highlight the Union's added value;
- the need to strengthen the credibility and rigour of the Commission's technical and policy management by concentrating efforts on quality and on the practical implementation of measures to reach the objectives set, particularly in relation to the new financial perspective;

- the value of quantifying the results achieved by the Commission half-way through its term of office and the need to improve implementation of the budget, particularly in certain chapters;
- in the debate on the future of Europe, the importance of working towards an integral project for the Union that prevents the formation of subgroups of Member States;
- the crucial importance of the initiative on the full review of the structure of the Union budget and, in this context, the value of consulting interested parties on the proposals that would have to be made as part of that mandate;
- the possible advantages of reviewing a number of key policies in the light of the prospects for the budgetary review and institutional development;
- the potential enlargement of the euro area and its consequences;
- the implications of enlargement of the Union and the absorption capacity of candidate and acceding countries;
- prospects in the Balkans and, in this connection, possible developments of an institutional nature;
- the rather encouraging economic outlook in 2006 and 2007, particularly in terms of growth and control of public deficits;
- the importance of demonstrating the Union's ability to face up to globalisation and, in this connection, the establishment of the adjustment fund;
- the importance to be attached to the energy field;
- initiatives that would have to be taken in certain specific fields.

Following this debate, the PRESIDENT noted that the Members of the Commission agreed unanimously with the guidelines set out in the letter he had sent them ahead of the discussion at that day's meeting. The Commission took note of this letter, distributed as SEC(2006)69/2. The PRESIDENT also emphasised the following points: rigour in implementing priorities and the importance of impact assessments; the need to convey successfully the added value provided by the Community; the

need to monitor the economic situation, which should be more favourable in 2007; the importance of the mandate conferred on the Commission regarding the future review of the budget of the Union.

On the basis of these conclusions, the Commission agreed that 2007 would be very much an operational year, marked by tangible progress and concrete results to be obtained by adopting the rigorous approach now required under the rules on better lawmaking and financial management. It would be vital to communicate these tangible results and in particular to respond in a convincing manner to the concerns of the European public.

The Commission confirmed that the strategic five-year objectives (prosperity, solidarity, security and the external projection of those objectives) were still relevant in 2007 and in line with the current expectations of the European public. The initiatives in the APS 2007 and those subsequently included in the work programme should help achieve these strategic objectives. The main objective was still growth, which would generate more and better jobs in Europe. The Lisbon Strategy would therefore have to show that it had a real impact: in the definition of new measures, full account would have to be taken of the weaknesses and needs identified in the national reform programmes and the Commission's consolidated report.

The Commission highlighted the vital importance of maintaining European integration as an integral project and avoiding the formation of sub-groups of Member States. It stressed the need to improve the coherence of economic governance within the euro area.

The Commission saw the need to pursue efforts to implement the sectoral approaches already approved, for example pushing ahead with the internal market, especially in the key areas of services, energy and transport. 2007 would be the year in which the ideas set out in the Green Paper on security of energy supply were put into practice and the first priority trans-European networks became operational. Efforts on the research and development front - with the launch of the seventh framework programme - would be crucial. Another task would be to set up the European Institute of Technology, if the European Council supported the Commission's ideas.

The Commission considered that the necessary measures would have to be taken to implement the sustainable development strategy and efforts pursued in the fields of climate change and biodiversity. Public health issues would also be a central concern, especially the Union's ability to react effectively to pandemics. 2007 was also to be the European Year of Equal Opportunities for All.

The Commission confirmed that unrelenting efforts would have to be made to implement the Hague programme on terrorism and to establish an area of freedom, security and justice. Practical proposals would be presented on the question of legal migration and the coherent approach outlined in the conclusions of the informal meeting of Heads of State and Government at Hampton Court would lead to fresh initiatives being put forward on illegal immigration and relations with non-member countries.

Beyond our borders, the Commission would work for the practical promotion and defence of its strategic objectives: enlargement; intensifying the process of stabilisation and association with the Western Balkans following decisive developments in Serbia and Montenegro and in Kosovo; consolidation of the neighbourhood policy; support for the peace process in the Middle East and implementation of the strategy for Africa. The results of the Doha round would also have to be taken on board and acted on.

As regards the initiatives proposed under the 2007 APS, the Commission stressed the need to demonstrate how they fit in over time and what objectives they would help achieve. They would have to fall in line with the policy approach outlined above and be consistent between themselves. Efforts would have to be made to coordinate initiatives at an early stage. Since the APS decision was to serve as a basis for a concentrated and targeted work programme, it was vital to choose those initiatives that were relevant in policy terms, whether they be new initiatives or measures to implement policies already approved. Lastly, the Commission agreed to bolster its credibility by ensuring in advance that it had the capacity to deliver the initiatives proposed for 2007.

The Commission confirmed that the strategic planning and programming cycle was a central component that ensured good governance within the Commission. Impact assessments were of special importance here. Continued efforts should be made to

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improve the overall quality of such assessments, which should be launched in good time in order to provide guidance for decisions taken by the Commission as a whole.

On the basis of these guidelines, the Directorates-General were asked to transmit to the Secretariat-General by 27 January their final contributions to the 2007 Annual Policy Strategy, after first obtaining the agreement of the Member of the Commission responsible.

* * *

The PRESIDENT announced that the Commission seminar on preparing the document on the future of Europe - requested by the President-in-Office of the Council and intended as the basis for discussion at the June European Council - would be held on Thursday 27 and Friday 28 April in a place to be determined, outside Brussels.

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

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The meeting closed at 1525 hours.