



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2006)1745 final

Brussels, 24 May 2006

MINUTES

of the 1745th meeting of the Commission

held in Strasbourg

(Winston Churchill Building)

on Tuesday 16 May 2006

(afternoon)

—

PV(2006)1745 final

CONTENTS

List of participants	4-6
1. AGENDAS (OJ(2006)1745/3; SEC(2006)599/2).....	7
2. WEEKLY MEETING OF CHEFS DE CABINET (SEC(2006)1745)	7
3. APPROVAL OF MINUTES OF 1744TH MEETING (10 MAY) (PV(2006)1744)	7
4. INTERINSTITUTIONAL RELATIONS (SEC(2006)605).....	7
4.1. LEGISLATIVE MATTERS	8
4.2. RELATIONS WITH PARLIAMENT	10
5. MONITORING THE APPLICATION OF COMMUNITY LAW	11
STATE AID - RECAPITULATIVE LIST (SEC(2006) 612 and /2)	11
6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	11
6.1. WRITTEN PROCEDURES APPROVED (SEC(2006)600 et seq.)	11
6.2. SENSITIVE WRITTEN PROCEDURES (SEC(2006)601)	12
6.3. EMPOWERMENT (SEC(2006)602 et seq.)	12
6.4. DELEGATION AND SUBDELEGATION OF POWERS	12
7. RELATIONS WITH THIRD COUNTRIES.....	12
7.1. VISIT TO KAZAKHSTAN (ASTANA, 4 AND 5 MAY) (SEC(2006)636)	12
7.2. VISIT TO TURKEY (ANKARA, 8 TO 10 MAY) (SEC(2006)635)	12
7.3. FOURTH EUROPEAN UNION-LATIN AMERICA/CARIBBEAN SUMMIT (VIENNA, 11 TO 13 MAY) (SEC(2006)640)	13
8. OTHER BUSINESS.....	13

<i>THIRD EU-US MINISTERIAL TROIKA IN THE AREA OF JUSTICE, FREEDOM AND SECURITY AND MINISTERIAL CONFERENCE ON “THE ROLE OF INTERNAL SECURITY IN RELATIONS BETWEEN THE EU AND ITS NEIGHBOURS (VIENNA, 3 TO 5 MAY) (SEC(2006)637).....</i>	<i>13</i>
9. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2006)603)	13
<i>DG RELEX – APPOINTMENT OF GRADE AD16 HEAD OF DELEGATION</i>	<i>13</i>
10. MONITORING REPORT ON THE STATE OF PREPAREDNESS FOR EU MEMBERSHIP OF BULGARIA AND ROMANIA (COM(2006)214 TO /6; SEC(2006)595 TO /3; SEC(2006)596 TO /3; (SEC(2006)598 AND /2; SEC(2006)597; SEC(2006)611)	14
11. CONVERGENCE REPORT 2006 FOR LITHUANIA IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY (COM(2006)223 TO /3; (SEC(2006)614 AND /2; SEC(2006)616; SEC(2006)617)	17
12. CONVERGENCE REPORT 2006 FOR SLOVENIA IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY (COM(2006)224 AND /2; (SEC(2006)615 AND /2; SEC(2006)616; SEC(2006)617)	17
13. PROPOSAL FOR A COUNCIL DECISION IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY FOR THE ADOPTION BY SLOVENIA OF THE SINGLE CURRENCY ON 1 JANUARY 2007 (COM(2006)225 AND /2; SEC(2006)616; SEC(2006)617)	17
14. TRENDS IN THE MEMBER STATES (SEC(2006)622).....	20

Single sitting: Tuesday 16 May (afternoon)

The sitting opened at 13.13 with Mr BARROSO, President, in the chair. Items 11/12/13 (in part) and 14 were chaired by Ms WALLSTRÖM.

Present:

Mr BARROSO	President	Items 1 to 11/12/13 (in part)
Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 1 to 11/12/13 (in part)
Mr BARROT	Vice-President	
Mr KALLAS	Vice-President	
Mr FRATTINI	Vice-President	
Ms REDING		Items 1 to 11/12/13 (in part)
Mr DIMAS		
Mr ALMUNIA		
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		
Mr FIGEL'		
Mr KYPRIANOU		
Mr REHN		Items 1 to 10
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		
Mr ŠPIDLA		
Mr PIEBALGS		

Absent:

Ms HÜBNER

Mr MICHEL

Ms FERRERO-WALDNER

Mr McCREEVY

Mr MANDELSON

(16 May 2006)

The following sat in to represent absent Members of the Commission

Ms CYGAN	Deputy Chef de cabinet to Ms Hübner
Mr SCHWAIGER	Deputy Chef de cabinet to Ms Ferrero-Waldner
Mr HAUGAARD	A member of Mr Mandelson's staff

The following also sat in

Mr VALE DE ALMEIDA	Chef de cabinet to the President	Items 1 to 11/12/13 (in part)
Mr PETITE	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	Items 1 to 13
Mr LAITENBERGER	Commission Spokesman	Items 1 to 11/12/13 (in part)
Ms CARVALHO	Acting Director-General, Bureau of European Policy Advisers (BEPA)	Items 1 to 13
Mr CABRAL	Adviser hors classe in the President's Office	Items 1 to 13
Ms MARTINHO	Chief Adviser in the President's Office	Items 1 to 11/12/13 (in part)
Mr ANGEL	A member of Mr Almunia's staff	Items 1 to 13
Mr HEDBERG	A member of Mr Rehn's staff	Items 1 to 10
Mr SUMMA	DG Enlargement	Item 10

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

1. AGENDAS

(OJ(2006)1745/3; SEC(2006)599/2)

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)1745)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 15 May.

3. APPROVAL OF MINUTES OF 1744TH MEETING (10 MAY)

(PV(2006)1744)

The Commission approved the minutes of its 1744th meeting.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2006)605)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 12 May (SEC(2006)605).

It paid particular attention to the following points:

4.1. LEGISLATIVE MATTERS

i) Preparations for May I part-session

(point 1.2 of the record)

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

The Commission paid particular attention to the following:

- MITCHELL report - Financial instrument for development cooperation and economic cooperation - COM(2004)629 - 2004/0220 (COD)

The Commission approved the line set out in SP(2006)1926 and /2.

ii) Preparations for May II part-session

(point 1.3 of the record)

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

The Commission paid particular attention to the following:

- CHATZIMARKAKIS Report – Competitiveness and innovation framework programme – COM(2005)121 – 2005/0050 (COD)

The Commission approved the line set out in SP(2006)2127, subject to the signing on 17 May of the interinstitutional agreement on the financial perspective, with a view to securing agreement at first reading.

iii) Preparations for Council meeting (Fisheries) (22 May)

(point 1.4 of the record)

- European Fisheries Fund – COM(2004)497 – 2004/0169 (CNS)

Subject to the signing on 17 May of the interinstitutional agreement on the financial perspective, the Commission authorised Mr BORG to present to the Council meeting (Fisheries) on 22 May the necessary amendments to the financial and budgetary provisions of the Presidency compromise, following the line set out in SI(2006)397/2.

iv) Preparations for Council meeting (Education, Youth and Culture) of 18 and 19 May

(point 1.5 of the record)

- 2007 Culture Programme – COM(2004)469 – 2004/0150 (COD)

Subject to the signing on 17 May of the interinstitutional agreement on the financial perspective, the Commission authorised Mr FIGEL' to pursue contacts with the Council at its meeting (Education, Youth and Culture) of 18 and 19 May in order to reach a unanimous political agreement and to present the necessary amendments to the financial and budgetary provisions, following the line set out in SI(2006)398.

- Citizens for Europe Programme – COM(2005)116 – 2005/0041 (COD)

Subject to the signing on 17 May of the interinstitutional agreement on the financial perspective, the Commission authorised Mr FIGEL' to pursue contacts with the Council at its meeting (Education, Youth and Culture) of 18 and 19 May in order to reach a unanimous political agreement and to present the necessary amendments to the financial and budgetary provisions, following the line set out in SI(2006)399/2.

– MEDIA 2007 Programme – COM(2004)470 – 2004/0151 (COD)

Subject to the signing on 17 May of the interinstitutional agreement on the financial perspective, the Commission authorised Ms REDING to pursue contacts with the Council at its meeting (Education, Youth and Culture) of 18 and 19 May with a view to reaching a political agreement on a common proposal which would be accepted by the European Parliament without amendments at second reading and to present the necessary amendments to the financial and budgetary provisions, following the line set out in SI(2006)400.

4.2. RELATIONS WITH PARLIAMENT

v) Action taken on Parliament's non-legislative resolutions

(point 3.5.1 of the record)

The Commission approved SP(2006)1918 and /2 on the action taken on the non-legislative resolutions adopted by Parliament at its March II part-session, for transmission to Parliament.

vi) Action taken on Parliament's opinions and resolutions

(point 3.5.2 of the record)

The Commission approved SP(2006)2095 and /2 on the action taken on the opinions and resolutions adopted by Parliament at its April I and II part-sessions, for transmission to Parliament.

- vii) Participation by European Parliament Members at international conferences – UN conference to review progress made on the implementation of the programme of action to prevent, combat and eradicate the illicit trade in small arms and light weapons in all its aspects (New York, 26 June to 7 July)**
(point 3.7 of the record)

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

5. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID - RECAPITULATIVE LIST

(SEC(2006) 612 AND /2)

The Commission adopted the decisions in the recapitulative list (SEC(2006)612/2).

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2006)600 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 May.

6.2. SENSITIVE WRITTEN PROCEDURES

(SEC(2006)601)

The Commission took note of written procedures initiated between 8 and 12 May for the adoption of decisions with political implications.

6.3. EMPOWERMENT

(SEC(2006)602 et seq.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 8 and 12 May.

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 8 and 12 May, as archived on the "Greffé 2000" (Registry) website.

7. RELATIONS WITH THIRD COUNTRIES

7.1. VISIT TO KAZAKHSTAN (ASTANA, 4 AND 5 MAY)

(SEC(2006)636)

The Commission took note of the information note from Mr PIEBALGS in SEC(2006)636.

7.2. VISIT TO TURKEY (ANKARA, 8 TO 10 MAY)

(SEC(2006)635)

The Commission took note of the information note from Mr KALLAS in SEC(2006)635.

**7.3. *FOURTH EUROPEAN UNION-LATIN AMERICA/CARIBBEAN
SUMMIT (VIENNA, 11 TO 13 MAY)*
(SEC(2006)640)**

The Commission took note of the information note from Ms FERRERO-WALDNER in SEC(2006)640.

8. OTHER BUSINESS

***THIRD EU-US MINISTERIAL TROIKA IN THE AREA OF JUSTICE,
FREEDOM AND SECURITY AND MINISTERIAL CONFERENCE ON “THE
ROLE OF INTERNAL SECURITY IN RELATIONS BETWEEN THE EU AND
ITS NEIGHBOURS (VIENNA, 3 TO 5 MAY)*
(SEC(2006)637)**

The Commission took note of the information note from Mr FRATTINI in SEC(2006)637.

**9. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2006)603)**

**ADMINISTRATIVE MATTERS
(PERS(2006)61)**

DG RELEX – APPOINTMENT OF GRADE AD16 HEAD OF DELEGATION

The Commission took note of Mr KALLAS's appraisal of the qualifications and experience of the official to be transferred.

On a proposal from Mr KALLAS, in accordance with the PRESIDENT and Ms FERRERO-WALDNER, the Commission decided, under Article 7 of the Staff

(16 May 2006)

Regulations, to fill the post of Head of Delegation in Tokyo by the transfer in the interest of the service of Mr Hugh RICHARDSON, an AD16 official, currently Deputy Director-General in the EuropAid Cooperation Office. This decision is subject to the agreement of the host country, in accordance with diplomatic practice.

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

10. MONITORING REPORT ON THE STATE OF PREPAREDNESS FOR EU MEMBERSHIP OF BULGARIA AND ROMANIA

(COM(2006)214 TO /6; SEC(2006)595 TO /3; SEC(2006)596 TO /3; (SEC(2006)598 AND /2; SEC(2006)597; SEC(2006)611)

The PRESIDENT introduced the dossier by reminding Members that, on the one hand, the Accession Treaty provided for membership of the EU for Bulgaria and Romania as of 2007, unless the Council, on the Commission's recommendation, were to decide to postpone accession to 2008 and, on the other, that it was the Commission's duty to establish whether the two countries were sufficiently ready. He emphasised that the Commission's credibility was at stake here.

The Commission had three options: accession in 2007, postponement to 2008 or a conditional "yes" for 2007. The last option was the one chosen. He stressed that, contrary to the other two options, this meant that the undertakings given for enabling strict monitoring of the two countries' progress could be adhered to, that the countries would be motivated to continue their efforts and that the concerns expressed in certain Member States were being heeded.

He welcomed the very clear political message sent to national parliaments as regards the process for the ratification of the Accession Treaty. He would announce this decision in Parliament's plenary and would be leaving that day for a visit to Bucharest and Sofia, accompanied by Mr REHN. In conclusion, he highlighted the open and positive nature of this decision and the thoroughness the Commission would have to show in applying the conditions.

Mr REHN then presented the monitoring report, fully supporting the PRESIDENT's political appraisal. The decision which was to be adopted that day was of political importance and he thanked all Commission Members for their collaboration. He too referred to the essential issue of credibility that had dictated the choice of the third option, which had the advantage of both maintaining the impetus of reforms under way and demonstrating that the conditions imposed would not be taken lightly. This showed that the objective sought could be attained, even if further effort was needed.

As regards the economic criteria, Mr REHN described the remarkable success of the changes already made, notably the progress in both countries in terms of growth.

In his evaluation of the political criteria, while underlining the enormous progress made in both countries, he listed the areas in which substantial efforts still needed to be made, namely judicial reform, and the fight against corruption and organised crime.

He also mentioned the areas of agriculture, food safety and veterinary issues, and matters relating to the management of Community funds. He outlined the approach to the problem of dismantling the Bulgarian nuclear power station in Kozloduy. He referred to the safeguard and other protection measures which could be imposed in certain areas if there were still problems at the time of accession.

He believed that this was a well-balanced decision which would have a positive effect on the process of ratifying the Accession Treaty.

In the wide-ranging debate which followed, a certain number of essential points were raised, notably:

- the balanced nature of the dossier and the relevance of the approach adopted, offering a positive outlook for the two countries while keeping up the necessary pressure in the areas in which progress had still to be made;
- the importance of sending the appropriate message for the process of ratification of the Accession Treaty;

- the question of supporting and facilitating the efforts requested and of encouraging reform to secure full compliance with the economic criteria;
- the need, in the months to come, to closely monitor, first, the honouring of undertakings made by the Bulgarian authorities as regards the gradual dismantling of the Kozloduy nuclear power station and, second, the situation in Romania as regards the cultivation of certain genetically modified organisms not authorised by Community legislation, the environmental situation being considered otherwise satisfactory in both countries;
- the need to stress the importance of certain areas where there were still shortcomings and which, although not considered to be a priority, were nonetheless essential, such as the translation of the Community *acquis*, for which an enormous amount of work still had to be done in both countries;
- the case for monitoring the child protection issue in Romania, noting the progress made;
- the importance of underlining the extent of the efforts and progress made, bearing in mind the political and historical context of the initiation of the accession process for Bulgaria and Romania and the very difficult economic and political starting-points for these two countries;
- the arguments in favour of collaborating closely with the two countries concerned in order to demonstrate that the Commission is not just asking for efforts to be made but is helping these countries to meet the remaining challenges.

The PRESIDENT ended by expressing his satisfaction with the general agreement which had been voiced on what was a particularly delicate matter. He stressed that all Commission Members must convey the same message of determination and confidence, highlighting the thoroughness and objectivity of the assessments made, which would lend credibility to the enlargement process. It was important to show

(16 May 2006)

that the two countries were being treated fairly, and not to call into question the process of ratification of the Accession Treaty.

The Commission accordingly approved the communication in COM(2006) 214/5 and /6 for transmission to the European Parliament and the Council, together with the monitoring reports contained in staff papers SEC(2006) 595/3 and SEC(2006) 596/3, as well as the impact study in staff working paper SEC(2006) 598/2, the contents of which were noted.

11. CONVERGENCE REPORT 2006 FOR LITHUANIA IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY

(COM(2006)223 TO /3; (SEC(2006)614 AND /2; SEC(2006)616; SEC(2006)617)

12. CONVERGENCE REPORT 2006 FOR SLOVENIA IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY

(COM(2006)224 AND /2; (SEC(2006)615 AND /2; SEC(2006)616; SEC(2006)617)

13. PROPOSAL FOR A COUNCIL DECISION IN ACCORDANCE WITH ARTICLE 122(2) OF THE EC TREATY FOR THE ADOPTION BY SLOVENIA OF THE SINGLE CURRENCY ON 1 JANUARY 2007

(COM(2006)225 AND /2; SEC(2006)616; SEC(2006)617)

Mr ALMUNIA presented the two convergence reports, drawn up at the request of Lithuania and Slovenia, and the proposal for a decision which he was tabling.

He said that the two Member States concerned met all the convergence criteria except, in the case of Lithuania, that of price stability. There were two levels to judging whether this criterion had been met: the reference value and durability. Lithuania's inflation in the last twelve months was slightly above the reference value and durability was not yet assured, the Commission's forecasts predicting rising

inflation in the months to come, due to several concurrent factors. He therefore proposed that the Commission adopt a proposal for a decision on Slovenia's adoption of the single currency on 1 January 2007. At this stage he would not, however, present a similar proposition as regards Lithuania.

He stressed that the Lithuanian economy was generally very sound, but that strict adherence to the criteria laid down by the Treaty was absolutely essential, especially in cases that would set a precedent, as the Commission would be dealing with a number of similar cases in the years ahead. It was important that the Commission continue to work closely with Lithuania to help it control inflationary pressures without compromising what is very satisfactory growth. He gave examples of economies both inside and outside the euro area which proved that growth and inflation control were compatible.

Finally, he reminded Commission Members that the European Central Bank had on Monday submitted its convergence reports on Lithuania and Slovenia and that the conclusions of these reports by and large corresponded to those in the Commission's reports.

The PRESIDENT reiterated the need for the Commission to strictly adhere to the convergence criteria established by the Treaty, especially in cases that could set a precedent. The Commission had already endorsed this line at a debate in April (PV(2006)1741, item 10.2, pages 11 to 13). Mr ALMUNIA's decision not to present a proposal allowing Lithuania to adopt the single currency was based on the results of the present assessment. There was every reason to hope that the situation would change in the future and that the country could join the euro area later, in the same way as other Member States which had a derogation. The PRESIDENT stressed the objective and technical nature of the proposed decisions, which had solid foundations in Treaty provisions. Lastly, he pointed out the importance of immediately sending the most positive message possible to Lithuania and other Member States with a derogation as to the desire and the real possibility of gradually achieving economic and monetary union.

During the exchange of views, the Commission considered in particular the following aspects:

- the political consequences which might derive from the lack of a proposal for a decision in the case of Lithuania and the importance of getting across to all Member States which had not yet adopted the single currency the message that further steps towards economic and monetary union would be taken as and when the convergence criteria were fulfilled;
- the methodology for establishing the reference value as regards price stability and the issue of Lithuanian inflation; Mr ALMUNIA was prepared to distribute a technical explanation note to the Members of the Commission;
- the relevance of certain convergence criteria and, in particular, the uniform application of the one concerning the durability of the level of inflation in all the dossiers on the adoption of the euro that had been considered; Mr ALMUNIA pointed out in this regard that there had been no proposals to modify the convergence criteria at the Convention and the Intergovernmental Conference which had prepared the draft Constitution;
- the importance of basing Commission action on the principle of treating all Member States equally.

Following discussion, the Commission:

- approved the convergence reports on Lithuania and Slovenia in COM(2006) 223/3 and COM(2006) 224/2 respectively, for transmission to the Council, the European Parliament and the European Central Bank, together with the technical annexes in staff papers SEC(2006) 614/2 and SEC(2006) 615/2, the contents of which were noted;
- adopted the proposal for a Council Decision in COM(2006) 225/2 for transmission to the Council, the European Parliament and the European Central Bank.

14. TRENDS IN THE MEMBER STATES

(SEC(2006)622)

Ms WALLSTRÖM briefly reminded the Commission Members of the main events that had attracted the interest of the European press from 29 March to 10 May. She also mentioned the *Europe direct call* service, which provided an interesting overview of a number of basic questions the European public was asking.

The Commission took note of this information and of Ms WALLSTRÖM's briefing note in SEC(2006)622.

*

* *

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

*

* *

The meeting closed at 15.38