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MINUTES
of the 1758th meeting of the Commission
held in Brussels
(Berlaymont)
on Wednesday 20 September 2006
(morning)

PV(2006)1758 final

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Single sitting: Wednesday 20 September 2006 (morning)

The sitting opened at 09.07 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

Ms REDING

Mr DIMAS

Mr ALMUNIA

Ms HÜBNER

Ms GRYBAUSKAITĖ

Mr POTOČNIK

Mr FIGEL' Item 13 (in part)

Mr KYPRIANOU

Mr MICHEL

Mr KOVÁCS

Ms KROES

Ms FISCHER BOEL

Mr McCREEVY

Mr ŠPIDLA Items 12 (in part) and 13

Mr MANDELSON

Mr PIEBALGS

Absent:

Mr FRATTINI

Vice-President

Mr BORG

Mr REHN

Ms FERRERO-WALDNER

The following sat in to represent absent Members of the Commission

Ms SCHMITT	Deputy Chef de cabinet to Mr Frattini
Mr TABONE	Chef de cabinet to Mr BORG
Mr PESONEN	Chef de cabinet to Mr REHN
Mr CHILD	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 of the Legal Service	
Ms CORUGEDO STENEBOERG	DG Communication	
Mr LAITENBERGER	Commission Spokesman	
Ms CARVALHO	Acting Director-General, Bureau of European Policy Advisers (BEPA)	
Mr THEBAULT	Deputy Chef de cabinet to the President	
Mr SCHMIDT	Deputy Chef de cabinet to Mr Kallas	Item 13 (in part)
Ms SCHREIBER	Chef de cabinet to Mr Špidla	Item 12 (in part)

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

1. AGENDAS

(OJ(2006) 1758/3 ; SEC(2006) 1145/2)

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) 1758)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 18 September.

3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF THE 1757th MEETING (13 September)

(PV(2006) 1757 ; PV(2006) 1757, Part II)

The Commission approved the minutes of its 1757th meeting.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2006) 1151)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 15 September (SEC(2006) 1151).

It paid particular attention to the following points:

4.1. *LEGISLATIVE MATTERS*

i) Preparations for the September II part-session

(point 1.2 of the record)

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

It paid particular attention to the following:

Codecision – 2nd reading

- JÖNS Report – Community Programme for Employment and Social Solidarity – PROGRESS – COM(2004) 488 – 2004/0158(COD)

The Commission took note of document SP(2006) 4015 and of the fact that Parliament was not proposing any amendment to the common position at this stage.

Empowerment

- JÖNS Report – Community Programme for Employment and Social Solidarity – PROGRESS – COM(2004) 488 – 2004/0158 (COD)

Under Article 13 of its Rules of Procedure, the Commission empowered Mr ŠPIDLA, in agreement with the PRESIDENT, Ms WALLSTRÖM and any other Members concerned, to adopt its opinion on the amendments, together with any amended proposals, on the basis of the line set out in SP(2006) 4015, once Parliament had given its opinion, and transmit them to the Council in accordance with Article 251(2)(c) of the Treaty.

Codecision – 1st reading

- KRAHMER Report – Ambient air quality and cleaner air for Europe – COM(2005) 447 – 2005/0183 (COD)

The Commission approved the line set out in SP(2006) 2252 and /2.

- PRETS Report – European Quality Charter for Mobility (education and training) – COM(2005) 450 – 2005/0179 (COD)

The Commission approved the line set out in SP(2006) 4199 and authorised Mr FIGEL' to maintain contacts, if necessary, with Parliament and the Council in order to reach an agreement at first reading.

**ii) 2152nd meeting of the Committee of Permanent Representatives
(Part I) – Application of the new committee procedure decision to
two ongoing legislative procedures**

The Commission decided to work towards a pragmatic solution, *a priori* along the lines of the second option proposed in SI(2006) 797.

**4.2. RELATIONS WITH THE COUNCIL
(SI(2006) 790)**

**iii) Proposal for a Council Regulation imposing a definitive anti-dumping duty and definitively collecting the provisional anti-dumping duty imposed on imports of certain footwear with uppers of leather originating in the People's Republic of China and Vietnam
(point 2.1 of the record)**

The Commission authorised Mr MANDELSON to show the necessary flexibility in the negotiations in progress in the Council, following the line set out in SI(2006) 815.

iv) Proposal for a Council Regulation on organic production and the labelling of organic products

(COM(2005)671)

(point 2.3 of the record)

The Commission authorised its departments to accept, within the Council, the change of procedure from a management committee to a regulatory committee, following the line set out in SI(2006) 767/2.

4.3. RELATIONS WITH PARLIAMENT

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

(point 3.5.2 of the record)

The Commission approved documents SP(2006) 3874/4 and /5 on the action taken on Parliament's non-legislative resolutions adopted at the July 2006 part-session, for transmission to Parliament.

vi) Participation by Members of Parliament in international conferences

(point 3.7 of the record)

- Twelfth Conference of the Parties to the UN Framework Convention on Climate Change – High-level party (Nairobi, 6 to 17 November 2006)

The Commission decided to give a positive answer to the request from Mr BORRELL, President of Parliament, to the PRESIDENT concerning the attendance of ten Members of Parliament at the Conference.

- First meeting of the Internet Governance Forum (Athens, 30 October to 2 November 2006)

The Commission decided to give a positive answer to the request from Mr BORRELL, President of Parliament, to the PRESIDENT concerning the attendance of seven Members of Parliament at the Forum.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

***STATE AID – REVISED PROPOSAL FOR A NEW EXEMPTION
REGULATION CONCERNING THE APPLICATION OF ARTICLES 87 AND
88 OF THE EC TREATY TO DE MINIMIS AID, REPLACING REGULATION
(EC) No 69/2001
(SEC(2006) 1150 to /4 ; SEC(2006) 1166)***

The Commission adopted the proposed regulation in SEC(2006) 1150/4, with a view to starting the second consultation of Advisory Committee on the State Aid, in accordance with Article 8(1)(a) of Council Regulation (EC) No 994/98.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

***6.1. WRITTEN PROCEDURES APPROVED
(SEC(2006) 1146 and seq.)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 September.

***6.2. SENSITIVE WRITTEN PROCEDURES
(SEC(2006) 1147 and /2)***

The Commission took note of the sensitive written procedures for which the time limit expires between 18 and 22 September and of the "finalisation" written procedures initiated following the weekly meeting of Chefs de cabinet on 18 September.

***6.3. EMPOWERMENT
(SEC(2006) 1148 and seq.)***

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 11 and 15 September.

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 11 and 15 September, as archived on the "Greffé 2000" (Registry) website.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2006) 1149/2)

ADMINISTRATIVE MATTERS

(PERS(2006) 123/2)

7.1. DG RTD – APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL

(PERS(2006) 71 to /6)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Deputy Director-General in the Research DG (PERS(2006) 71 to /4).

The Commission took note of the opinions of the Consultative Committee on Appointments of 17 May and 7 July (PERS(2006) 71/5 and /6).

The Commission proceeded to compare the applicants' qualifications for the post. On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr POTOČNIK, it then decided to appoint Mr Daniel JACOB to the vacant post.

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

7.2. DG ADMIN – APPOINTMENT OF AD14/15 DIRECTOR

(PERS(2003) 70 to /3 ; PERS(2006) 124)

The Commission had before it applications under Article 29(1)(a) of the Staff Regulations for the post of Director, Social Welfare Policy, Luxembourg Staff, Health, Safety, in the Personnel and Administration DG (PERS(2003) 70).

The Commission took note of the opinions of the Consultative Committee on Appointments of 29 April 2003 and 1 September 2006 (PERS(2003) 70/2 and (PERS(2006) 124).

The Commission took note of the procedure followed, as set out in point 2 of PERS(2006) 123/2.

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, it then decided to appoint Ms Mercedes DE SOLÀ DOMINGO to the post.

This decision would take effect immediately.

7.3. DG REGIO – INTERIM APPOINTMENT OF DIRECTOR

The Commission, on a proposal from Mr KALLAS, in agreement with the PRESIDENT and Ms HÜBNER, decided, under Article 7(2) of the Staff Regulations, to grant an interim appointment to the function of Director in Directorate REGIO.B "Cohesion policy planning and reform, coordination, Solidarity Fund" of the Regional Policy DG to Mr Ronald HALL, grade AD13 official and Head of Unit REGIO.B.1 "Coordination, Solidarity Fund", for the period from 22 November 2004 to 21 November 2005.

This decision would take effect immediately.

7.4. 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 AD16 official.

**8. COMMISSION COMMUNICATION ON THE ASSESSMENT OF THE ACTION TAKEN BY THE UNITED KINGDOM IN RESPONSE TO THE COUNCIL RECOMMENDATION OF 24 JANUARY 2006 WITH A VIEW TO BRINGING AN END TO THE SITUATION OF AN EXCESSIVE GOVERNMENT DEFICIT – APPLICATION OF ARTICLE 104(7) OF THE TREATY
(SEC(2006) 1159 to /3 ; SEC(2006) 1161)**

The Commission adopted the communication in SEC(2006) 1159/3 for transmission to the Council.

**9. COMMISSION COMMUNICATION TO PARLIAMENT AND THE COUNCIL – BETTER TRAINING FOR SAFER FOOD
(COM(2006) 519 to /5 ; SEC(2006) 1163 ; SEC(2006) 1164 ; SEC(2006) 1162)**

The Commission adopted the communication in COM(2006) 519/5 for transmission to Parliament, the Council and to national parliaments, together with the impact assessment and its summary in staff papers SEC(2006) 1163 and SEC(2006) 1164 respectively, the contents of which were noted.

10. COMMISSION DECISION UNDER ARTICLE 81 OF THE EC TREATY AND ARTICLE 53 OF THE EEA AGREEMENT (CASE COMP/F-1/38.121–*FITTINGS*)

(C(2006) 4180 to /9 ; SEC(2006) 1171)

The Commission :

- took note of the opinions of the Advisory Committee on Restrictive Practices and Dominant Positions of 11 and 18 September in C(2006) 4180/3 and /7 ;
- took note of the final report of the Hearing Officer of 13 September in C(2006) 4180/5 ;
- adopted, in the authentic languages (English, French, German, Italian and Spanish), the decision set out in C(2006) 4180/8 finding that the undertakings named had infringed Article 81 of the EC Treaty and, since 1 January 1994, Article 53 of the Agreement on the European Economic Area and imposing fines on some of these undertakings totalling €314.77 million ;
- decided to notify the decision in C(2006) 4180/9 to the companies concerned, together with the final report of the Hearing Officer ;
- decided that the most important parts of the decision, together with the opinions of the Advisory Committee and the final report of the Hearing Officer, would be published in the official languages in the Official Journal (with business secrets removed) ;
- decided to publish the decision (with business secrets removed) on the Internet.

11. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATIONS (EEC) No 404/93, (EC) No 1782/2003 AND (EC) No 247/2006, AS REGARDS THE BANANA SECTOR

(COM(2006) 489 to /4 ; SEC(2006) 1107 to /3 ; SEC(2006) 1106 to /3 ; SEC(2006) 1125)

The Commission adopted the proposal for a Council Regulation set out in COM(2006) 489/4, for transmission to Parliament, the Council and to national parliaments, together with the impact assessment and its summary in staff papers SEC(2006) 1107/3 and SEC(2006) 1106/3 respectively, the contents of which were noted.

12. RELATIONS WITH THIRD COUNTRIES

12.1. ANNUAL MEETINGS OF THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK GROUP (SINGAPORE, 11 TO 20 SEPTEMBER 2006) ***(SEC(2006) 1194 ; SEC(2006) 1192)***

Mr ALMUNIA reported on the main results of the meeting of G7 finance ministers and central bank governors and the annual meeting of the International Monetary Fund, which had been held in Singapore on 19 and 20 September.

At the G7 meeting the ministers reaffirmed the undesirability of excessive exchange rate volatility. The section of the communiqué on exchange rates remained unchanged since the meeting in April 2006.

Mr ALMUNIA described his bilateral contacts with various monetary and financial authorities, in particular his meeting with Mr Bernanke, President of the US Federal Reserve.

As regards the meetings of the IMF, Mr ALMUNIA stressed the importance of the institution's two-year reform programme, which began in Singapore with an increase in the quotas for China, Korea, Mexico and Turkey. He reminded the meeting that the European Union had backed this programme,

which would undoubtedly transform the governance of the IMF (quotas, representation, appointment of the Director-General) and would help to improve its acceptance and legitimacy. As far as the prospects of the world economy were concerned, Mr ALMUNIA mentioned the anxiety caused by the suspension of the negotiations on the Doha Development Agenda and the heightened risks of protectionism this suspension might entail.

Mr MICHEL outlined the main results of his bilateral meetings and his participation in the World Bank and IMF meetings. He referred in particular to the meeting of the Development Committee devoted to questions of governance, at which he had outlined the European approach based on the three main messages set out below, in a presentation which was almost unanimously approved by the participants:

- the need to increase efforts at harmonisation in the field of governance in order to implement the Paris Declaration on Aid Effectiveness ;
- the importance of not equating good governance simply with fighting corruption but of including political, economic, environmental and social aspects too ;
- the importance when promoting governance of giving priority to dialogue, positive incentives and ownership by the countries themselves, rather than sanctions and conditions.

Mr MICHEL also briefed the Commission on his bilateral meetings with Mr Wolfowitz, President of the World Bank, and Mr Nankani, the Bank's Vice-President for the Africa Region, which he felt had been very constructive and useful, even though differences remained on certain issues. He hoped to develop these exchanges further, for example during Mr Wolfowitz's visit to Brussels in November.

Lastly, Mr MICHEL drew Members' attention to the work of the high-level panel on the future of the fast track initiative for education, emphasising the

importance of such an initiative for increasing the rates of school attendance among children in developing countries.

The Commission noted this information and the memoranda from Mr ALMUNIA and Mr MICHEL, distributed as SEC(2006) 1194 and SEC(2006) 1192 respectively.

***12.2. SECOND MEETING OF THE COMMISSION ON GROWTH AND DEVELOPMENT SET UP BY THE WORLD BANK (SINGAPORE, 17 SEPTEMBER)
(SEC(2006) 1193)***

Ms HÜBNER briefly outlined the results of the second meeting of the Commission on Growth and Development set up by Mr Wolfowitz in April under the auspices of the World Bank. She had chaired a session at this meeting on the regional aspects of growth and had presented the experiences with the EU's regional policy. She stressed the constructive and innovative atmosphere of this Commission, which would issue its final report in spring 2008. She informed Members that Mr Spence, who chairs the Commission on Growth and Development, would be visiting Brussels on 27 September.

Ms HÜBNER then described her meetings with some of Singapore's leaders. Singapore seemed to be seeking a role as intermediary between Europe and Asia. The authorities in the country regard European integration as the model for regional integration in southeast Asia. The people she had spoken to were all firmly in favour of developing relations between the European Union and southeast Asia.

Ms REDING agreed that the authorities in Singapore were interested in closer cooperation with the European Union. She referred to the advanced state of development of certain technologies and the high levels of investment in Singapore by European companies. Closer links between Singapore and the European Union would probably have a positive effect on the development of democratic structures in that country.

The Commission noted this information and Ms HÜBNER's briefing note in SEC(2006) 1193.

13. MEMORANDUM TO THE COMMISSION ON THE ANNUAL REPORT OF THE COURT OF AUDITORS FOR 2005 – CURRENT SITUATION (SEC(2006) 1153 to /3 ; SEC(2006) 1154 ; SEC(2006) 1158 ; SEC(2006) 1187 ; SEC(2006) 1160)

Mr KALLAS introduced his memorandum to the Commission, stressing the need to treat the information it contained as confidential at this stage, as the Court of Auditors would not be publishing its annual report until 23 October. However, the discussion had already begun in the competent bodies of Parliament and its Budgetary Control Committee in particular. The annual report acknowledged the efforts the Commission had made, for example as regards management and governance, but it also contained certain criticisms, some of which the Commission would contest.

Mr KALLAS then mentioned two areas, also identified by the Audit Progress Committee at its meeting in July, which called for special attention: the introduction of the new accounting system in the Education and Culture DG and the management of information technology projects in the Justice, Freedom and Security DG, particularly the development of the new Schengen Information System (SIS II). Mr KALLAS pointed to the vital importance of establishing precise action plans to ensure rapid progress in these two cases.

Lastly, Mr KALLAS pointed out that the debates on the annual report and the budget discharge in Parliament's Budgetary Control Committee would involve a large number of Commissioners.

During a brief exchange of views, the Commission considered the following points:

- the need to ensure that the Commission's replies to the Court of Auditors' annual report were properly coordinated and were balanced and suitable ;
- the Court of Auditors' criticisms of certain areas where the Commission departments had invested heavily, had made considerable efforts and achieved substantial progress ;
- the impact of these criticisms on the motivation of the departments concerned ;
- the special situation of activities managed jointly with the Member States and the specific difficulties of obtaining a positive statement of assurance for these activities ;
- the delays in the development of the new Schengen Information System (SIS II), their causes and the political, technical and administrative consequences ; the Commission decided to return to this question shortly, when all the Members most directly concerned were present.

Following this exchange of views, the Commission:

- took note of the memorandum and annex from Mr KALLAS, distributed as SEC(2006) 1153/3 and SEC(2006) 1154 respectively ;
- instructed the departments to scrupulously abide by the commitments made in the Commission's replies to the Court of Auditors, to record the results of their implementation in their annual activity reports and to provide all the necessary information on the follow-up measures so that these measures could be examined by the Internal Audit Service, if necessary by the Audit Progress Committee and also by the Court of Auditors ;
- decided to maintain the confidentiality of the contents of the memorandum until the publication of the Court of Auditors' annual report ;
- took note of the information note from Mr KALLAS, in agreement with Ms WALLSTRÖM, Ms GRYBAUSKAITĖ, Ms FISCHER BOEL and

Ms FERRERO-WALDNER, on the results of the meeting of the Audit Progress Committee of 18 July, distributed as SEC(2006) 1158, and the information note from Mr FRATTINI relating to the Second Generation Schengen Information System (SIS II), distributed as SEC(2006) 1187.

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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 10.15