



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2008)1838 final

Brussels, 16 July 2008

MINUTES

of the 1838th meeting of the Commission

held in Strasbourg

(Winston Churchill building)

on Tuesday 8 July 2008

(afternoon)

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Single sitting: Tuesday 8 July 2008 (afternoon)

The sitting was opened at 13.09 hours by Ms WALLSTRÖM, President BARROSO being absent.

Present:

Ms WALLSTRÖM	Vice-President	
Mr VERHEUGEN	Vice-President	Items 11 to 18
Mr KALLAS	Vice-President	
Mr TAJANI	Vice-President	
Mr DIMAS		Items 12 to 18
Mr BORG		
Ms GRYBAUSKAITĖ		
Mr POTOČNIK		Items 1 to 16/17 (in part)
Mr REHN		Items 1 to 17
Mr MICHEL		Items 1 to 15
Mr KOVÁCS		
Ms KROES		
Ms FISCHER BOEL		Items 1 to 17
Ms FERRERO-WALDNER		
Mr ŠPIDLA		
Mr PIEBALGS		Items 1 to 17
Ms KUNEVA		
Mr ORBAN		
Ms VASSILIOU		

Absent:

Mr BARROSO

President

Mr BARROT

Vice-President

Ms REDING

Mr ALMUNIA

Ms HÜBNER

Mr FIGEL'

Mr McCREEVY

Mr MANDELSON

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The following sat in to represent absent Members of the Commission:

Mr SAGREDO	A member of Mr BARROT's staff
Mr PRONK	Adviser in Ms REDING's office
Mr QUERO MUSSOT	Deputy Chef de cabinet to Mr ALMUNIA
Ms PALOTAI	A member of Mr McCREEVY's staff

The following also sat in:

Mr THEBAULT	Deputy Chef de cabinet to the PRESIDENT	
Mr SANTAOLALLA	Legal Service	
Mr JORNA	DG Communication	
Mr ENGLISH	DG Communication – Commission Spokesman's Service	
Ms CARVALHO	Bureau of European Policy Advisers	
Mr KLAUS	A member of the PRESIDENT 's staff	Items 1 to 15
Mr COSTELLO	Deputy Chef de cabinet to Ms WALLSTRÖM	
Mr COLSMAN	A member of Mr TAJANI's staff	Items 12 to 15
Mr TABONE	Chef de cabinet to Mr BORG	Items 16 and 17
Ms NAESAGER	A member of Ms FISCHER BOEL's staff	Items 1 to 11
Mr MAYET	DG Energy and Transport	Items 12 to 15
Mr SPAGNOLLI	DG Maritime Affairs and Fisheries	Items 16 and 17

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

1. AGENDAS

(OJ(2008)1838/3; SEC(2008)2214/2)

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(2008)1838)

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

**3. APPROVAL OF MINUTES AND SPECIAL MINUTES OF 1837TH MEETING
(2 JULY)**

(PV(2008)1837 TO /3; PV(2008)1837, PART II)

The Commission held over approval of the minutes of its 1837th meeting for the following week.

4. INTERINSTITUTIONAL RELATIONS

(SEC(2008)2221)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 4 July (SEC(2008)2221).

It paid particular attention to the following:

4.1. LEGISLATIVE MATTERS

i) Preparation for Parliament's July part-session

(point 1.3 of the IRG 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 associated, to take a position on Parliament's amendments to its proposals.

It paid particular attention to the following:

Codecision – 1st reading

- Restrictions on the marketing and use of certain dangerous substances and preparations: 2-(2-methoxyethoxy)ethanol, 2-(2-butoxyethoxy)ethanol, methylenediphenyl diisocyanate, cyclohexane and ammonium nitrate (Decision) – OUZKY report – 2007/0200 (COD)

The Commission approved the line set out in SP(2008)4133.

- Statistical returns in respect of the carriage of goods by road as regards the implementing powers conferred on the Commission (Regulation) – JARZEMBOWSKI report – 2007/0269 (COD)

The Commission approved the line set out in SP(2008)4186.

- Common Consular Instructions on visas for diplomatic missions and consular posts in relation to the introduction of biometrics including provisions on the organisation of the reception and processing of visa applications (Regulation) – LUDFORD report – 2006/0088 (COD)

The Commission approved the line set out in SP(2008)4224.

ii) Signature and provisional application of the Economic Partnership Agreement between the European Community and its Member States, of the one part, and the CARIFORUM States, on the other part (Council decision) – 2008/0061 (AVC)

(point 1.4 of the IRG record)

The Commission authorised its departments to accept, in the Council bodies, the amendments made to its proposal for a Council Decision on the signature and provisional application of an Economic Partnership Agreement between the European Community and its Member States and the CARIFORUM States, and to make a declaration noting its disagreement on the addition of legal bases, following the line set out in SI(2008)1170.

4.2. RELATIONS WITH THE COUNCIL

iii) Programming of Council business

(SI(2008)1174)

The Commission took note of the information in SI(2008)1174 on the Council meetings between 3 and 16 July.

4.3. RELATIONS WITH PARLIAMENT

iv) Preparation for July part-session – Non-legislative matters

(point 3.1 of the IRG record)

- Amendment of Parliament's Rules of Procedure with respect to approval of the Commission – DUFF report

The Commission approved the line set out in SP(2008)4119.

- Commission's enlargement strategy paper – BROK report – 2007/2271 (INI)

The Commission approved the line set out in SP(2008)4121 and /2.

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- Oral questions O-76, O-77, O-78 and O-80/2008 – Creation of a Roma fingerprints database in Italy

The Commission approved the line set out in SP(2008)4225 and /2.

v) Preparation for the July part-session – Oral questions

(point 3.4 of the IRG record)

H-0427/08, H-0429/08, H-0433/08, H-0435/08 (joint with H-0437/08, H-0444/08, H-0458/08), H-0439/08, H-0441/08 (joint with H-0452/08, H-0454/08, H-0475/08), H-0443/08, H-0446/08, H-0448/08, H-0450/08, H-0455/08, H-0457/08, H-0460/08, H-0464/08, H-0466/08, H-0468/08, H-0470/08, H-0473/08, H-0477/08 and H-0485/08, H-0479/08, H-0480/08 and H-0491/08, H-0481/08, H-0482/08, H-0487/08, H-0488/08, H-0492/08, H-0494/08, H-0495/08, H-0496/08, H-0499/08, H-0501/08, H-0503/08, H-0504/08, H-0505/08, H-0506/08, H-0507/08, H-0508/08, H-0510/08, H-0512/08, H-0513/08, H-0518/08, H-0522/08, H-0524/08

The Commission approved the draft answers set out in documents SP(2008)4088 to /4, following the agreement reached between the Chefs de cabinet on revisions to some of these draft answers, and certain draft supplementary answers, revisions to answers and draft answers as set out in SP(2008)4088/5 *et seq.*

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

(point 3.5.1 of the IRG record)

The Commission approved documents SP(2008)4116 and /2 on the action taken on Parliament's non-legislative resolutions adopted at its May II part-session, for transmission to Parliament.

5. MONITORING THE APPLICATION OF COMMUNITY LAW

STATE AID – INDIVIDUAL CASE

(SEC(2008)2244)

The Commission adopted the decision in SEC(2008)2244.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2008)2216 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 June and 4 July.

6.2. EMPOWERMENT

(SEC(2008)2217 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 30 June and 4 July.

6.3. DELEGATION AND SUBDELEGATION OF POWERS

(SEC(2008)2218 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 30 June and 4 July, as archived in e-Greffe.

6.4. SENSITIVE WRITTEN PROCEDURES

(SEC(2008)2219)

The Commission took note of the sensitive written procedures for which the time limit expired between 7 and 11 July.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2008)2215)

ADMINISTRATIVE MATTERS

(PERS(2008)101)

7.1. SECRETARIAT-GENERAL – APPOINTMENT OF AD14/15 DIRECTOR (PERS(2008)61 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, Resources and General Matters, in the Secretariat-General (PERS(2008)61).

The Commission took note of the opinions of the Consultative Committee on Appointments of 16 April and 27 May (PERS(2008)61/2 and /3).

The Commission proceeded to consider the applicant's qualifications for the post. It also considered his ability, efficiency and conduct in the service. On a proposal from Mr KALLAS, in agreement with the PRESIDENT, it then decided to appoint Mr Gianmarco DI VITA to the post.

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

7.2. DG ENVIRONMENT – AMENDMENT OF ORGANISATION CHART

On a proposal from Mr KALLAS, in agreement with the PRESIDENT and Mr DIMAS, the Commission decided:

- to create a post of Adviser *hors classe* in DG Environment;
- to fill this post, under Article 7 of the Staff Regulations, by transferring in the interest of the service Mr Mogens CARL, AD16 official and currently Director-General of DG Environment;
- to approve the secondment of Mr Mogens CARL in the interest of the service, under Article 37 of the Staff Regulations, to the French

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Government Ministry of Ecology, Energy, Sustainable Development and
Town and Country Planning until 31 December 2009.

These decisions would take effect on 16 July 2008.

**8. COMMUNICATION TO THE COMMISSION: EUROPEAN
TRANSPARENCY INITIATIVE – PUBLICATION OF LIST OF
BENEFICIARIES OF EU FUNDING UNDER COMMISSION
CENTRALISED MANAGEMENT
(SEC(2008)2242 TO /4; SEC(2008)2243)**

The Commission adopted the communication in SEC(2008)2242/4.

**9. COMMISSION REGULATION (EC) No 802/2004 IMPLEMENTING
COUNCIL REGULATION (EC) No 139/2004 ON THE CONTROL OF
CONCENTRATIONS BETWEEN UNDERTAKINGS
(SEC(2008)2247 TO /3)**

**10. REVISED COMMISSION NOTICE ON REMEDIES ACCEPTABLE UNDER
COUNCIL REGULATION (EC) No 139/2004 AND UNDER COMMISSION
REGULATION (EC) No 802/2004
(SEC(2008)2248 TO /3)**

The Commission:

- adopted in principle the amendments to Regulation (EC) No 802/2004 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, as set out in SEC(2008)2247;

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- empowered Ms KROES, in agreement with the PRESIDENT, to adopt formally the above-mentioned amendments to the Regulation in all the official languages of the European Union;
- adopted in principle the revised notice on acceptable remedies, as set out in SEC(2008)2248;
- empowered Ms KROES, in agreement with the PRESIDENT, to adopt formally the above-mentioned revised notice in all the official languages of the European Union.

11. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATIONS (EC) No 1290/2005 ON THE FINANCING OF THE COMMON AGRICULTURAL POLICY AND No 1234/2007 ESTABLISHING A COMMON ORGANISATION OF AGRICULTURAL MARKETS AND ON SPECIFIC PROVISIONS FOR CERTAIN AGRICULTURAL PRODUCTS (SINGLE CMO REGULATION) IN ORDER TO SET UP A SCHOOL FRUIT SCHEME

(COM(2008)442 TO /4; SEC(2008)2225; SEC(2008)2226; SEC(2008)2227; SEC(2008)2239)

Ms FISCHER BOEL briefly presented the proposal for a Regulation to encourage fruit consumption in schools, which she was tabling for adoption. She described the wider context surrounding the initiative, in particular the new common organisation of the market (CMO) in the fruit and vegetable sector. When that CMO had been reformed in 2007, the Council had asked the Commission to come forward with a scheme to encourage fruit consumption in schools.

The aim of the proposal, she explained, was to provide co-financing to promote and support initiatives by the Member States to bring about a lasting increase in the proportion of fruit and vegetables in the diet of young people. She stressed the balance that had been struck between the various components of the proposal and

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thanked all the Commission Members, and particularly Ms VASSILIOU and Mr FIGEL', for their excellent cooperation in preparing the initiative. She also referred briefly to the simplification of the common agricultural policy and harmonisation of the rules now governing the common organisation of markets.

The Commission then held a brief exchange of views, during which it emphasised its support for the initiative, which would help young people eat a healthy diet and acquire good food habits, and the positive experience of certain national school fruit schemes.

Following this exchange of views, the Commission adopted the proposal for a Council Regulation in COM(2008)442/4, for transmission to Parliament and the Council, and to the national parliaments, accompanied by the impact assessment and the summary thereof in the staff papers distributed as SEC(2008)2225 and SEC(2008)2226, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Council Regulation, as set out in SEC(2008)2227.

- 12. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: GREENING TRANSPORT
(COM(2008)433 TO /3; SEC(2008)2206 TO /3; SEC(2008)2220)**
- 13. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: STRATEGY FOR THE INTERNALISATION OF EXTERNAL COSTS
(COM(2008)435; SEC(2008)2207; SEC(2008)2208; SEC(2008)2209; SEC(2008)2210; SEC(2008)2220)**
- 14. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: RAIL NOISE ABATEMENT MEASURES ADDRESSING THE EXISTING FLEET
(COM(2008)432 TO /3; SEC(2008)2203; SEC(2008)2204; SEC(2008)2205; SEC(2008)2220)**
- 15. PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING DIRECTIVE 1999/62/EC ON THE CHARGING OF HEAVY GOODS VEHICLES FOR THE USE OF CERTAIN INFRASTRUCTURES (*EUROVIGNETTE*)
(COM(2008)436 TO /4; SEC(2008)2208; SEC(2008)2209; SEC(2008)2210; SEC(2008)2220)**

Mr TAJANI introduced the three communications and the proposal for a Directive which he was tabling. First he described the purpose of this package of initiatives, which was to promote the greening of transport and to apply the principle of internalising external transport costs by setting up a framework that allowed

Member States to harmonise rules in that field. He stressed that the intention was certainly not to create a new tax.

Mr TAJANI explained that the main aim of the overall strategy for internalising external costs was to encourage more effective use of the different modes of transport in order to bring about a gradual reduction in environmental damage and congestion problems and to boost the competitiveness of the European economy. He reminded the meeting that lengthy and intensive consultations on this initiative had been conducted with the other institutions and with all stakeholders, and thanked Mr BARROT for his previous work on this dossier, as well as the other Commission Members involved for their contributions.

He added that the greening of transport covered all modes of transport and took account of their specific characteristics. Implementation of the strategy had already begun in the aviation sector, which would come under the trading scheme for greenhouse gas emission allowances by 2011, following the agreement reached between Parliament and the Council at the end of June. He also pointed to the importance of reducing CO₂ emissions in maritime transport; under the present proposals, the EU would take measures to reduce these emissions if the International Maritime Organisation failed to adopt such measures by 2009.

Mr TAJANI then turned to the proposal for a Directive amending Directive 1999/62/EC. In his view, this proposed revision of the existing "*Eurovignette*" Directive marked a new step for the road haulage industry, which played a vital part in European transport, given that a quarter of external transport costs was attributable to heavy goods vehicles and that international traffic was expected to double between 2000 and 2020.

He said that the Directive would put an end to a situation where tolls were limited to what was needed to finance road infrastructure. Its underlying principle was that other factors, such as pollution, climate change and congestion, should also be taken into account. The Directive would enable Member States to apply differentiated toll charges calculated on the basis of the costs of air pollution, noise and congestion and depending on the different types of road and vehicle and on the period (peak or

off-peak). The Directive also defined a common method of calculating these costs and provided for the use of automatic, barrier-free tolls, so that charging schemes would be proportionate, transparent and efficient.

He also noted that the Directive encouraged Member States to ensure that the extra revenue that would be probably generated could be reinvested in research and development into cleaner vehicles or the building of alternative infrastructure. He confirmed that the Directive would not be binding and would impose no obligation on Member States to apply tolls or increase tariffs; however, it would provide them with greater flexibility and with additional tools to improve congestion management and to reduce traffic-based pollution.

Mr TAJANI also felt that the establishment of tolls under the proposal for a Directive would encourage logistics operators to use vehicles that met the latest anti-pollution standards, to reduce as far as possible return journeys by empty lorries and to plan their operations more efficiently in order to minimise journeys on the routes most prone to pollution and rush-hour traffic. According to estimates by the departments under his responsibility, if the type of toll being proposed were applied across the whole network, it would improve traffic conditions for car drivers, cut fuel consumption by lorries by around 8%, and reduce heavy goods traffic and pollutant emissions across the board, including in large urban centres.

He concluded by emphasising the balanced nature of the proposed approach, which took account of the Union's geographical diversity, and thanked the Commission Members and the departments under their responsibility for their efforts and for the excellent cooperation that had marked the preparation of the initiatives.

The Commission then held a discussion during which the following aspects were brought to the fore:

- the broad support that had been expressed for all the proposed measures and for the principle of internalising external costs;

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- the balanced nature of the chosen approach, including from the point of view of subsidiarity, competition and environmental protection;
- the importance of the proposed measures for creating a level-playing field in the transport sector as a whole, given that industry's vital contribution to integration of the internal market;
- the question of whether or not the earmarking of revenue from the charging of external costs should be mandatory;
- the importance of taking into account the special features of transport in mountain areas, including Alpine transit; the degree of flexibility required in setting tolls in such areas;
- the expected effects of the proposed measures on research and on the development of additional infrastructure and new means of transport;
- in the review of the Directive scheduled for 2013, the importance of taking into account costs relating to CO₂ emissions;
- the need for a carefully prepared communication on this dossier.

Winding up the discussion, Ms WALLSTRÖM noted the Commission's very broad support for the initiatives tabled that day by Mr TAJANI.

She also noted the Commission's agreement on the following amendments:

In COM(2008)433/3, in English:

- In Chapter 1 ("*Introduction*"), the last sentence of the last paragraph of that chapter on page 3 would read as follows:

"Transport will clearly have to contribute to the ambitious goals that the European Council set itself in 2007: reducing greenhouse gases by 20% (30% in the framework of an international agreement), increasing the use of

renewable energy sources to 20% and reducing energy consumption by 20%, all by 2020."

- In Section 2.1 ("*Climate change*"), the first sentence of the second paragraph on page 4 would read as follows:

"Member States should meet objectives for increasing the share of renewable energy used in road Transport and the Commission recently proposed making a 10% target binding."

In SEC(2008)2207, in French:

- In point 2.4.4 ("*Comment utiliser les valeurs calculées ?*") on page 11, after the sentence "*De même, les charges devraient être différenciées selon le type de réseau (urbain, interurbain).*", the following footnote would be inserted:

"Un facteur de correction peut être appliqué dans des zones sensibles comme les montagnes."

- In point 2.5.4 ("*Comment utiliser les valeurs calculées ?*") on page 15, after the sentence "*Aussi, les charges appliquées devraient être différenciées selon le type de véhicule et la localisation (zones urbaines, rurales) afin de tenir compte des conditions locales.*", the following footnote would be inserted:

"Ici encore, un facteur de correction peut être appliqué dans des zones sensibles comme les montagnes."

In COM(2008)436/4, in English:

- In Annex III A ("*Minimum requirements for levying an external cost charge and maximum chargeable external cost elements*"), Section 4.2. ("*Cost of traffic-based noise pollution*"), the penultimate paragraph of this section on page 30 would read as follows:

"The values of Table 2 may be multiplied by a factor of up to 5 in mountain areas to the extent that it is justified by the gradient of roads, temperature inversions and/or amphitheatre effect of valleys."

Subject to inclusion of the above amendments, the Commission:

- approved, subject to final linguistic revision, the communication in COM(2008)433/3, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, together with the staff paper distributed as SEC(2008)2206/3, the contents of which were noted;
- approved the communication in COM(2007)435 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by the impact assessment and the summary thereof in staff papers distributed as SEC(2007)2207, SEC(2007)2208 and SEC(2007)2209, the contents of which were noted;
- also took note of the opinion of the Impact Assessment Board on the above communication, as set out in SEC(2008)2210;
- approved the communication in COM(2008)432/3, for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments, accompanied by the impact assessment and the summary thereof in the staff papers distributed as SEC(2008)2203 and SEC(2008)2204, the contents of which were noted;
- also took note of the opinion of the Impact Assessment Board on the above communication, as set out in SEC(2008)2205;
- adopted, subject to final linguistic revision, the proposal for a Directive in COM(2008)436/4 for transmission to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions and to the national parliaments, together with the impact assessment and the summary

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thereof in the staff papers distributed as SEC(2008)2208 and SEC(2008)2209, the contents of which were noted;

- also took note of the opinion of the Impact Assessment Board on the above proposal for a Directive, as set out in SEC(2008)2210.

**16. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – PROMOTING THE ADAPTATION OF THE EUROPEAN UNION FISHING FLEETS TO THE ECONOMIC CONSEQUENCES OF HIGH FUEL PRICES
(COM(2008)453 AND /2; SEC(2008)2260; SEC(2008)2253)**

**17. PROPOSAL FOR A COUNCIL REGULATION INSTITUTING A TEMPORARY SPECIFIC ACTION AIMING TO PROMOTE THE RESTRUCTURING OF THE EUROPEAN UNION FISHING FLEETS AFFECTED BY THE ECONOMIC CRISIS
(COM(2008)454 AND /2; SEC(2008)2260; SEC(2008)2253)**

Mr BORG presented the measures proposed in the Communication and proposal for a Regulation, the main objective of which was to alleviate short-term social and economic difficulties in the context of the increase in fuel prices and the consequences of this for the fishing sector, and to contribute sustainably to the efforts to combat the sector's chronic overcapacity.

First he broached the question of recovering the aid granted when the eligibility criteria (including capacity reduction) had not been met. He reported that amendments had been made to Articles 6(4), 11 and 17 of the proposal for a Council Regulation in order to include a reference to Articles 70 and 97 of the Regulation on the European Fisheries Fund (EFF). Article 70 of the EFF Regulation states that Member States are responsible for the management and control of their operational programmes, particularly as regards the prevention, detection and correction of irregularities and the recovery of amounts unduly paid. This Article also states that

Member States must reimburse to the Community budget the amounts unduly paid when they cannot be recovered from the beneficiary.

He went on to point out that Article 97 of the EFF Regulation states that the Commission may make financial corrections by cancelling all or part of an operational programme depending on the nature and gravity of the irregularities and the extent and financial implications of the deficiencies found.

Mr BORG concluded this part of this presentation by stressing that the purpose of these amendments to the proposal for a Council Regulation was to establish clearly the safeguards in the Community rules in force and to provide assurance that funds unduly received would be reimbursed.

He also reported on the amendments made to Chapter 6 of the Communication concerning the financing of the proposed measures, explaining that the additional requirement of EUR 600 million would have to be found under Heading 2 for 2009 and 2010, with the bulk coming in 2009. Any additional amount would be conditional on Common Agricultural Policy expenditure levels in these years being well below the corresponding sub-ceilings.

He said that the Communication had been amended in order to insert a reference to the exemption from excise duty of marine fuel used for fishing. Several legal amendments had also been made to the recitals in the proposal.

With regard to the partial decommissioning of vessels, Mr BORG announced that two further amendments had been made to the texts and an explanation had been added. For all fleet adaptation schemes involving partial decommissioning, the reduction in capacity should be at least 50% without exception since the initial derogation of 66% for vessels less than eight years old had been deleted. The partial decommissioning measures must from now on comply with an additional criterion and could only be applied to fleet adaptation schemes concerning one type of vessel in order to ensure that these schemes were not combined so as to include vessels of different types that should leave the fleet in any case. This last amendment would limit the use of partial decommissioning to the cases envisaged, namely specific

fleets experiencing difficulties in terms of fuel consumption or fishing method, for instance the Dutch beam trawler fleet, for which partial decommissioning would be particularly beneficial. Decommissioning aid would be paid only for the difference between the capacity withdrawn and the capacity re-allocated, which was consistent with the European Union's traditional position in this domain, in particular in the context of the World Trade Organisation.

Mr BORG ended by emphasising the ways in which the proposed measures could speed up the decommissioning of fishing fleet vessels and reduce capacity, underlining the need for a rapid response by the Commission on this important matter.

The following aspects emerged in the ensuing discussion:

- concern that this type of cyclical measure should not be introduced in sectors other than the fisheries sector;
- a reminder of the difference in budget terms between excess and surplus, and the absence at this juncture of available funds for 2010, as well as regret concerning the lack of justification and in-depth analysis of additional financial requirements;
- the need to ensure that implementation of the proposed measures was strictly supervised and monitored in terms of impact on stocks (particularly in the case of partial decommissioning) and financing;
- the desire that partial decommissioning should not be proposed or, at least, that the fishing capacity of the new vessels built in the context of partial decommissioning should be much lower than the proposed 50%, if possible around 30%;
- the need for a real reduction in fishing capacity and effort;
- a reminder of other structural problems in the fishing sector, in particular the malfunctioning observed on markets and continued illegal, unregulated fishing.

Ms WALLSTRÖM said that a Commission decision was urgently needed on these proposals, and that efforts should be made to ensure that they were consistent with the current provisions of the Common Fisheries Policy and that this type of measure was not introduced in other sectors.

Mr BORG replied to the various comments. He was willing to make certain drafting adjustments and to state, in particular, in the Communication, that the additional financing would require further analysis and justification. The proposed measures were sound, and the provisions on partial decommissioning should not be removed if they were to remain attractive. In relation to partial decommissioning, he was ready to accept a fishing capacity re-allocation rate that was not higher than 40% of the capacity withdrawn (Article 18 of the proposal for a Council Regulation), and a total reduction in capacity of at least 66% (Article 19 of the proposal for a Council Regulation).

Ms WALLSTRÖM took note of the Commission's broad support for the proposed measures as well as its agreement on the following amendments to the Communication set out in document COM(2008)453/2, and to the proposal for a Council Regulation set out in document COM(2008)454/2:

- the penultimate sentence of the second paragraph in point 4.2.4 (page 7) of Chapter 4 of the Communication ("*Measures*") would now read as follows:

"The capacity of the new vessel shall be smaller than the withdrawn capacity; the maximum replacement ratio allowed per vessel should not be higher than 2:5."

- The last sentence of the last bullet (page 12) of Chapter 6 ("*Additional funds*") would now read as follows:

"Any additional amount would be conditional on CAP expenditure levels in these years being well below the corresponding sub-ceilings, and will be subject to full analysis and justification."

- Articles 18(2) and 19(4) (page 16) in Chapter IV of the proposal ("*Measures for partial decommissioning under Fleet Adaptation Schemes*"») were amended as follows:

(i) Article 18(2): "*The fishing capacity of the new vessel shall not be higher than 40% of the capacity withdrawn by the vessel owner.*"

(ii) Article 19(4): "*In Fleet Adaptation Schemes where partial decommissioning is applied to more than 33% of initial fleet capacity, the total reduction in capacity under the Fleet Adaptation Scheme shall be of at least 66%.*"

Subject to the above-mentioned amendments, the Commission:

- approved the communication set out in COM(2008)453/2, for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments;
- adopted the proposal for a Council Regulation set out in COM(2008)454/2 for transmission to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions, and to the national parliaments.

18. OTHER BUSINESS

GEOGRAPHIC SEGMENTATION OF MARKETS: AT ODDS WITH AN INTERNAL MARKET FOR CONSUMERS

(SEC(2008)2261 ET /2)

Ms KUNEVA mentioned very briefly the information note on geographic segmentation of markets, underlining its importance for European consumers, and recalled the forthcoming measures in the context of cross-border electronic and online commerce.

(8 July 2008)

The Commission took note of this information and of the note from Mr VERHEUGEN, Ms REDING, Mr KOVÁCS, Ms KROES, Mr McCREEVY and Ms KUNEVA, distributed as SEC(2008)2261/2.

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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 15.17 hours