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Bulletin

A LOOK BEHIND THE NEWS

by **Ferdinando Riccardi**

1. New President of the Commission: delight and perplexity

The appointment of José Manuel Durão Barroso to be the new President of the European Commission until the end of 2009 has generated both much delight and a few question marks. The reasons to be cheerful are self-evident - the countries in the EU managed to reach consensus that removes uncertainties, soothes a series of conflicts and bitterness left over from the previous failed negotiations and improves the general climate. Very wisely, the Presidency of the European Council had dismissed right from the start any idea of a qualified majority decision, even if possible on the legal front, since a President appointed but opposed by a series of Member States would find it difficult to fit in and his relations with the European Summit would sometimes have been embarrassing. And it is precisely here that the question marks arise - will keeping everybody happy demand too much flexibility?

Too much flexibility? Barroso's own description of his beliefs and behaviour might give this impression at first. He describes himself as a centre-leaning Social Democrat, modern, reforming and anti-state without being a died-in-the-wool neoliberal. Those who know him well describe him as both a dedicated pro-European and a sincere 'Atlanticist'. Too much for a single man? It is understandable that some people say so, particularly on the left of the European Parliament. But other commentators say this is exactly what Europe needs right now - a figurehead whose European credentials are impeccable but who is at the same time convinced that Europe has to have solid relations with the United States; a reformer who is more than a pure neoliberal. Favouring close links with the United States, he rigorously supports EU defence projects. This ecumenism is not necessarily a bad point, it can also mean we have before us a man who can bring ideas together.

Other qualities can be recognised in Barroso. Political courage, which he displayed by imposing a tightening of the belt on Portugal when public spending got out of control (and for which he paid dearly in the recent elections). Diplomatic aptitude, which he displayed domestically over Angola and East Timor when he was foreign minister, and at European level mediating between Chirac and Aznar during the Iraq crisis. The way several heads of state praise him goes beyond polite phrases, even from those in different political parties. Coming from the small and medium-sized country group is an additional strongpoint - in the Constitution negotiations, he defended the legal dignity of all Member States but opposed all weakness with regard to nationalism.

Parliament will play its part. At the European Parliament, Barroso logically gets the support of his political family, the EPP, and stiff opposition from the United Left. Other political groups' reservations are more nuanced. They do not tend to oppose Barroso; even the Greens-EFA, who are the most critical and sceptical of all, are holding back their final views, waiting to see the new President's performance in the EP hearing. Rasmussen repeated the four criteria which will decide the views of the European Socialist Party, namely a commitment to Europe, balancing the pursuit of economic competitiveness with social responsibility, communication skills and the ability to unite public opinion around an ambitious European plan. It is true that the outgoing President of the Socialist group, Enrique Baron Crespo, said that Barroso lacks two of the four necessary qualities, but he left it for the PES to decide what line to take for itself at the vote. On behalf of the Liberal group, Graham Watson said that in order to give its views, the Liberals had to know more about

Barroso's European vision, wanting to hear him speak European.

Virtually all commentators, quorum ego, are on the same boat. They need to know more about the Barroso's European views and ambitions, about his personality and charisma. People who know him say he has a wealth of strong points. People who do not have the luck to know him are trying to find out. The impression he gave in the first press conference (see following pages) was highly positive. People who do not know him want a better idea of his ambitions and plans. At Watson said, he has to prove he does not represent the lowest common denominator of the people who selected him (other candidates had exposed themselves more in the past and hence were more vulnerable). Barroso has three weeks to make himself known by the EP. He must bear in mind that if qualities exist, it is the job which helps form the man. Selected because no head of state disliked him, he must now prove that when necessary, he can displease one or other head of state. The way he puts together the new Commission will also play an important role. (F.R.)

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THE DAY IN POLITICS

2. **(EU) EU/SPECIAL SUMMIT/COMMISSION:** President delegate Barroso provides assurances that distribution of Commissioner posts is his responsibility - for social dimension of Union and full exercise of Commission initiative - Solana Minister of Foreign Affairs after ratification of constitution (and De Boissieu Secretary General): Commission Council cooperation during transition

Brussels, 30/06/2004 (Agence Europe) - Congratulations all round at the press conference that wrapped up on Wednesday evening in Brussels the brief special EU summit which appointed José Manuel Durão Barroso as the successor of Romano Prodi and which decided that Javier Solana would be the first European Union foreign affairs minister. Bertie Ahern was congratulated for the Irish presidency's success, Barroso for his appointment by unanimity as Commission president, Solana for the five year extension of his mandate as Secretary General for the Council-High Representative for CFSP and his appointment as future minister of foreign affairs and Romano Prodi for his five years at the head of the European Commission. Practically all the questions were addressed to the Portuguese prime minister José Manuel Durão Barroso, who while pointing out that he still had to wait for the vote at the European Parliament (22 July in Strasbourg), came out for a strong Commission fully exercising its right of initiative in a Union based on solidarity. Barroso underlined several times his respect for the European Parliament and one of his first initiatives after being appointed was to visit President Pat Cox.

Addressing the press, the Taoiseach Bertie Ahern was pleased to announce the appointment of Barroso was by consensus. The Irish prime minister said that the role of the president of the Commission from next November to 2009 would be "crucial" for assuring that enlargement worked in a Union that was continually expanding and that the European constitution had been explained and understood and that negotiations on the future funding of the Union was going well. He also underlined that Mr Barroso had the necessary qualities (independence, "leadership and vision") for leading the Commission. We are convinced that Javier Solana will be the foreign affairs minister when the constitution enters into force, indicated Mr Ahern who considered that the "exceptional energy" of the CFSP High Representative for resolving conflicts over recent years would be really necessary in the future. Ahern said that in the transitional phase, Mr Solana and the president of the Commission would cooperate to pave the way (see below) and the current Deputy Secretary General of the Council Pierre de Boissieu (whose mandate is also extended for five years) would take over from Solana as Secretary General at the Council as soon as the latter started work as EU foreign minister.

José Manuel Durão Barroso said (in Portuguese) that he saw his appointment as recognition of Portugal succeeding in the European project. He said that he believed in this project for a long time even before the country's accession in 1986 and added in French that he had studied and taught about Europe in Geneva in the USA and had worked for Europe as Portuguese minister for foreign affairs and as Head of government. He pointed out that he still had to go to the European Parliament and insisted on the need for a strong and ambitious Commission that was able to work with Member States and Parliament. President Delegate said that they needed to reconcile the Lisbon strategy and preservation of the Union's "social dimension" as the Union is based on solidarity. He repeated an idea that he held very closely that there was no contradiction between defence of national and common European interests. He said that the European Commission had to continue to be the guardian of the treaties and be totally impartial and that he would ensure the continued role of initiative. He also averred that Europe had to work well, which meant decision having to be taken quickly and be understood by those receiving them. Speaking in English he said that he would tackle his job with realism, enthusiasm and ambition.

During the final press conference, Javier Solana noted how the political "landscape" had changed international since 1999 when he began as CFSP High Representative and how the European Union had acted collectively in this period. He said that they now had to create an external EU serve and work had to succeed.

The choice of Heads of States and Governments for his successor was excellent and affirmed to the press the particular progress made by Portugal (its leadership and its people) within the Union.

After a difficult period this evening they had sent an important signal of unity that had been rediscovered, he said. He said that the five years of his mandate had seen many big changes and the main problems would be to help get the constitution ratified. He was very eager to wish his successor luck and Mr Prodi joked that that he could not say that he hope Portugal won on Wednesday in the football as he would have problems with the Dutch presidency. Asked by the press on the lessons he had drawn from the Prodi presidency, Barroso simply replied that he had personal admiration for Prodi and you only had to look at the results obtained.

Replying to question from the press Barroso referred to:

the distribution of portfolios at the Commission. He said that this distribution was his responsibility and he was obviously interested in hearing proposals from Member States and the had just asked them to choose their best candidates. He added that he was delighted to receive suggestions from Member States including from Germany but that the final responsibility was his and he was going to do it. Asked by the press, Barroso repeated, *"I have given no formal reassurance to anyone"* and that he had to wait for Parliament's vote. *"This is out of respect for the European Parliament"* he insisted. The "big countries would have big portfolios? Barroso said that in this context there was an English word he liked very much "fairness" and they had to be "fair" to all and find a balance between the big and the small, the founders and the newcomers, the rich and the poor, those who are at the centre of Europe and those on its periphery. Another word he liked was "compromise" because due to this "culture of compromise", "the give and take" "they would be able to go a long way in the EU". Barroso also hope that there would be a decent number of women in the new Commission.

the risk of obtaining a low majority at Parliament Mr Barroso repeated that he had been supported unanimously by his colleagues and that it was them who knew him best. He said that half plus one would be enough for him. Democracy is there in the law of the majority and that of course he would like to have more but what he wanted was the support of the European Parliament.

the request by certain Member States to putting EU ceilings on spending. He noted that he was still the prime minister of Portugal and that the proposals of the European Commission on financial perspectives were a "a very good basis for work".

Mr Barroso also replied to lighter questions from the press. How should he be addressed asked an Irish journalist *"Barroso, you can leave out Durao"* or *Josi Manuel, he said, adding Josi Manuel Durao Barroso, pleased to know you"*. As for his brief experience as a Maoist in his youth, Barosso pointed out that he was 18 in a period of "revolution in the faculty of law in Lisbon and there were two movements the *"pro-Soviet and the pro-Chines Communists"*. He said that it had been a very beautiful time for him but that he was now a moderate.

Comments by Schröder, Verhofstadt, Balkende and Schössel - a group of personalities in charge of explaining the Constitution?

"I have a surprise to announce to you" joked the German Chancellor Gerhard Schröder to the press. *"With the agreement of the Parliament, Mr Barroso will Chair the next European Commission"*. he said that in the beginning he was not his candidate but he now had his support and he was sure he would be a president for everyone, he admitted, adding. This would be the "reasonable solution" and "in the interest of Europe and Germany". He wished Barroso a lot of luck as *"if Mr Barroso is successful, it will be good for Europe and what is good for Europe is also good for Germany"*...*I want to have good working relations with Mr Barroso"* indicated Schröder. The Chancellor also asserted that the composition of the next Commission had not yet been discussed nor the wish of Germany to have Gönter Verheugen as "Super Commissioner" in charge of co-ordination of economic reform. No this question had not been mentioned that evening because procedure had to be respected, which meant that the distribution of portfolios would only be debated when the pa inaugurated Mr Barroso, who would make his proposals in "total sovereignty". Germany would remain ready to assume "its responsibilities" at the next Commission but he said that it would be premature and not politically profession to say at present how that could be translated into practice. The Chancellor said, nevertheless, that he had spoken on this subject with Mr Barroso and other partners as *"we always speak to each other"*.

The Summit briefly discussed the idea put forward by former Greek prime minister Costas Simitis of setting up a group of European figureheads to help explain the Constitution to citizens. Schröder said he thought it was a good idea, adding that it had been submitted to the Dutch Presidency. Nobody had spoken out against it, he said.

Belgian prime minister Guy Verhofstadt told reporters he wished Barroso great success, adding that he would be leading the Commission at the start of a new period. Following ten years of institutional reforms, the EU should now focus on content, the substance of European integration, said Verhofstadt, quoting issues like economic reform ("Lisbon plus"), the area of freedom, justice and security (Tampere II) and the Financial Perspectives. The decision on the future Belgian Commissioner has not yet been taken - it will be debated by the Belgian government once the decision to appoint Barroso has been endorsed by the EP and consultations with Barroso have taken place, said Verhofstadt. (Belgian media suggests Philippe Busquin will be chosen.)

Dutch prime minister Jan-Peter Balkenende said he was happy with the choice of Barroso, noting it was important that the decision had been made unanimously, since a strong President needs the support of all Member States. Balkenende told reporters that Barroso had asked Member States to put forward 'strong' Commissioners to form a 'strong Commission'.

Barroso is a "good man", commented Austrian Chancellor Wolfgang Schössel, mentioning the President designate's European experience as Portuguese foreign minister, followed by two and a half years as Portuguese prime minister. The EU could have averted the 'damage' caused by these last two weeks of disagreement over the new President of the Commission if it had agreed from the start that the choice of the new President should take account of the outcome of the European elections, said Schössel.

Spanish, Greek and Hungarian heads of state welcome new President of the Commission who will defend their countries' interests

Speaking to reporters, Spanish prime minister José Luis Zapatero welcomed the choice of a new President of the Commission whose country 'shares Spain's interests' in the CAP, defending the Cohesion Policy and peripheral regions like the Canary Islands and the Azores, and relations with Latin America. Following on from when he was Portuguese prime minister, as President of the Commission, José Manuel Durão Barroso would defend solidarity during the debate over the Financial Perspectives, which is important for the EU and important for Spain (in terms of job creation and developing infrastructure), explained Zapatero. Commenting that people often rushed to make hasty judgements, Zapatero said the new President of the Commission deserved all the confidence of the Spanish government. Zapatero also welcomed the confirmation that Javier Solana would continue as EU High Representative for the Common Foreign and Security Policy, adding that Joaquín Almunia would be the Spanish Commissioner, or at least Spain's candidate for a European Commissioner.

Greek prime minister Konstantinos Karamanlis welcomed the nomination of a politician from a small country in the south, who would understand the interests and specific nature of Greece when it comes to issues like agriculture and the Cohesion and Structural Funds.

Similar comments were made by Hungarian prime minister László Kovács, noting that the similarity in size between Portugal and Hungary had given rise to a degree of empathy during the accession negotiations. He highlighted the qualities of the new President, being balanced (neither a federalist nor an isolationist), well prepared, efficient and capable of leading a 25 member Commission. He urged Hungarian MEPs to vote for Mr Barroso. The Hungarian prime minister refused to comment on whether Péter Balázs would be the Hungarian Commissioner.

Saying that given the circumstances, José Manuel Durão Barroso is the only acceptable compromise, Slovenian prime minister Jan Rop said he was a good choice. He added that Slovenia would have Janez Potočnik as its Commissioner, without mentioning the specific responsibilities Slovenia would prefer.

Chirac and Belka happy

Speaking to reporters on Tuesday night, French President Jacques Chirac welcomed the unanimous nomination of José Manuel Durão Barroso, describing him as a high quality man of dialogue, the guarantee of success in his difficult mission. Jacques Chirac was pleased that the EU was giving itself the resources it needs to succeed - a Treaty, a President and a future Foreign Minister, Javier Solana. The French President said this triple success could be put down to the exceptional quality, efficiency and intelligence of the Irish Presidency.

Polish prime minister Marek Belka welcomed the nomination of the Portuguese prime minister on

two grounds - an exceptional politician from a country which understood development needs and a man with a concept of international relations resembling Poland's, he told reporters.

Jean-Claude Juncker says constitutional referendums have to be coordinated and organised over a short time period

Speaking to reporters on Tuesday evening, Luxembourg prime minister Jean-Claude Juncker welcomed Barroso's nomination as a very wise choice, slamming comments that he was the lowest common denominator. We may have had a few problems deciding on a candidate, said Juncker, but that does not mean there is any justification for such remarks. Juncker came out against the pressure exerted by some states (France and Germany in particular) to get specific responsibilities in the next Commission. I play to respect the Treaty, said Juncker, whereby it is the President of the Commission who decides.

The Luxembourg prime minister also called for ratification of the European Constitution to be organised as soon as possible, not wanting ratification and referendums to spin out over a year and a half. Juncker said he had discussed the matter with his colleagues during the Summit, highlighting the need to coordinate the calendar of referendums and considering holding more than one at the same time. He offered full support to Greek prime minister Costas Simitis' idea of setting up a council of the wise to argue the case for the Constitution in the Member States. I applaud the idea with both hands, he said. (See above for Gerhard Schröder's statements on this subject).

Heads of state issue declaration about "moving towards the designation of the future European Foreign Minister"

As reported, on Tuesday on the fringes of their Special Summit, the EU25 issued a declaration about the tricky transition period between now and the first day of work of the first European Foreign Minister, ensuring continuity of work for Javier Solana on the Council, as follows:

1. *The Council, meeting at the level of heads of state or government, has appointed today Mr. Javier Solana Madariaga as Secretary General of the Council, High Representative for the Common, Foreign and Security Policy as from 18 October 2004. The heads of state or government have also decided in agreement with the President designate of the Commission that Mr. Javier Solana Madariaga will be appointed Union Minister for Foreign Affairs on the day of entry into force of the Constitution.*

2. *The heads of state or government underline the commitment of Member States to work in support of the Secretary General of the Council, High Representative for the Common, Foreign and Security Policy, during the transition to the establishment of the function of Union Minister for Foreign Affairs. The heads of state or government invite the President of the Commission and the Secretary General of the Council, High Representative for the Common, Foreign and Security Policy, to organise the working relations between them in a way that will ensure a smooth and efficient transition and to take necessary measures to that end.*

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3. **(EU) EP/COMMISSION/GERMANY**

30/06/2004 (Agence Europe) - CDU MEP Elmar Brok has commented that the comments in Istanbul on Monday by Chancellor Schröder that the German government was planning to confirm the current Enlargement Commissioner Günter Verheugen as the German member of the new European Commission as out of place. The German government is entitled to put forward a candidate, but the choice has to be made in agreement with the President designate of the Commission, Brok pointed out. The MEP recognised that Commissioner Verheugen had successfully managed his responsibilities, but said that in the next five years, European policy will focus to an ever greater extent on economic policies. Brok urged President designate Durjo Barroso not to let Member States pose such restrictions from the start on his powers under the Treaty (to determine the composition of the Commission).

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4. **(EU) EU/COMMISSION/CFSP**

30/06/2004 (Agence Europe) - On Tuesday, the European Commissioner for External Relations, Chris Patten, congratulated Javier Solana for the decision by heads of state or government to designate him as the first European Foreign Minister, taking office when the European Constitution comes into force. The last governor of Hong Kong said he had much appreciated working with Javier Solana over the past five years, and probably had more reasons than anyone else to know

the formidable way he will be able to develop Europe's burgeoning Common Foreign and Security Policy.

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5. **(EU) EP/PRESIDENT OF THE COMMISSION: Barroso tells Cox he will start meeting political groups on 12 July**

Brussels, 30/06/2004 (Agence Europe) - In the morning of 30 June, the day after his appointment as the new President of the European Commission, Portuguese prime minister José Manuel Durão Barroso visited the outgoing President of the European Parliament Pat Cox, telling him he was ready to speak before the EP's political groups from 12 July onwards, should they so desire. In a statement published in the evening of 29 June, Pat Cox suggested that before the plenary debate with the President designate and the European Parliament's vote of approval in Strasbourg on 22 July, the political groups would probably want to hold dialogue with Barroso (the Social group has already asked to meet with the President designate, see below).

On Wednesday, following his meeting with Barroso, Cox told reporters he welcomed Barroso's appointment by heads of state to take over from Romano Prodi. Barroso said he wanted to hold dialogue with the European Parliament, noting that as Portuguese head of state, he had been the first leader to actually lead a policy of openness and constant dialogue with the national parliament. He said it was vital for the two EU institutions of the European Parliament and the European Commission to work closely together and said he was ready to listen to suggestions.

As he had done at the press conference on Tuesday evening, Barroso emphasised that it was his job to decide who would be responsible for what at the Commission, saying he was not prepared to give up any of his responsibility.

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6. **(EU) EP/PRESIDENT OF THE COMMISSION/PES: Socialist group wants public hearing with Barroso - Rasmussen says that he would say No if Portugal's economic policy were transposed to Europe**

Brussels, 30/06/2004 (Agence Europe) - The President of the Party of European Socialists Poul Nyrup Rasmussen (top of the list of the Danish Social Democratic Party in the European elections) and the outgoing President of the PES Enrique Baron told reporters on Wednesday that they had doubts about the appointment of José Manuel Durão Barroso as new President of the Commission, concerning both substance and how he was selected.

The European elections showed how disenchanted European citizens are, not wanting important choices like this to be made behind closed doors any more, said Rasmussen, complaining that before their decision, the members of the European Council had not contacted the EP at all, which was unwise and rather arrogant. When the EP votes on the question of the President of the Commission, it does not simply add its rubber stamp on a decision taken by other people, warned the former Danish prime minister. For this reason, before expressing its view on Barroso's candidacy, the Socialist group wants to have a public hearing with him. Rasmussen said the PES had set out four qualities which the President of the Commission had to have - solid European experience, proof that he really aims to reconcile competitiveness and social commitments, be a good communicator and be capable of convincing people of the European project (see EUROPE of 29 June, p.4). Rasmussen said that Barroso does have the first two. If the President designate plans to transpose his government's economic policy to Europe, the Socialist group would not be able to agree, warned Rasmussen (but a reporter pointed out that the Portuguese budget discipline policy had been decided by the Stability Pact ...).

Some heads of state from the Socialist and Social Democrat group have endorsed the appointment of Barroso, said one journalist, and another pointed out that the Hungarian prime minister had said he would be asking Hungarian MEPs to vote for the President designate (see above). Rasmussen answered that he thought MEPs would probably be pressurised by other heads of state too.

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7. **(EU) EU/CONSTITUTION**

30/06/2004 (Agence Europe) - The European Constitution will be signed in Rome in November, explained Bertie Ahern on Tuesday evening in response to a question posed at the press conference following the 29 June Special Summit in Brussels.

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8. **(EU) EP/PRESIDENT/PES: Four Socialist candidates for EP Presidency - PES in contact with EPP and other groups**

Brussels, 30/06/2004 (Agence Europe) - At a press conference on Wednesday, the EP's Social group outgoing President Enrique Baron (see above) answered questions about a potential 'technical' PES-EPP agreement over the new President of the European Parliament, saying that the PES did not have any agreement with any one group, but had had exploratory talks with the EPP and were discussing with the Greens, the Liberals and the EUL.

Will this inter-group contact have an influence on the Socialists' vote on the Commission President delegate José Manuel Barroso? No, we will decide on the future President of the Commission 'as a group', said Baron. (The Liberal group will decide its views on the Presidency of the European Parliament at its meeting on 5 July, but its decision on the President of the Commission will depend on the hearing of the President designate at the EP, see above).

There are four Socialist group candidates for the Presidency of the European Parliament, explained Enrique Baron on Wednesday (alongside British Labour MEP Terence Wynn and Spanish Socialist Josep Borrell, there is the Austrian Social Democrat Johannes Swoboda and Slovenian Borut Pahor, Ed.).

The first round of the elections to find the successor to Pat Cox will take place on Tuesday 20 July, straight after the plenary is opened at 10 hrs by the most senior MEP.

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9. **(EU) EP/LIBERALS/UDF/ULIVO: Move towards creating a new group (of 80+ members), The Alliance of Democrats and Liberals for Europe**

Brussels, 30/06/2004 (Agence Europe) - The Political Bureau of the ELDR group at the EP announced in a press release on Wednesday that it would be recommending to the group at its 13 July meeting to form a new group in the new Parliament along with the UDF MEPs led by François Bayrou and the Ulivo coalition of Romano Prodi, in order to establish a new centre force at the European Parliament. The group would be called Alliance of Democrats and Liberals for Europe, reflecting the liberal and democrat traditions joining forces in the group and the deep commitment of the new group to a stronger EU. The press release explains that the new group would have at least 80 members, and could attract more. It is planning to launch a European platform next week.

This is potentially a historic moment in the history of the European Parliament, said outgoing Liberal group President Graham Watson, who led the negotiations with the UDF and *Uniti nell'Ulivo*. (See EUROPE of 18 June, p.10, on the press conference held by François Bayrou and Francesco Rutelli, announcing the creation of a new European political party).

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10. **(EU) EP/POLITICAL GROUPS: New group opposes any form of European constitution**

Brussels, 30/06/2004 (Agence Europe) - Danish MEP Jens-Peter Bonde told reporters on Tuesday that the Europe of Democracies and Differences (EDD) he chaired in the outgoing EP would disappear and form a new group called Independence and Democracy (ID). The main objective of the new group will be to oppose any form of European Constitution.

Bigger than the current EDD - 31 MEPs as opposed to 17 - the new party is currently made up of six national delegations, but hopes to gain more. The figure of 40 MEPs was quoted at the press conference but no details were given.

Alongside the June Movement of Jens-Peter Bonde, there will be the UK Independence Party, the Mouvement pour la France (MPF), the ChristenUnie of the Netherlands and two new parties, the League of Polish Families (LPF) and the June List, plus another 13 MEPs.

Boosted by the recent success of the UK Independence Party (gaining 9 MEPs), Nigel Farage said he was delighted with the name of the new group. Paul-Marie Coûteaux, of the MPF, highlighted the clarity of the programme and called for multilingualism. Representing the Dutch MEPs of ChristenUnie, Bastiaan Belder said the institutions had to be at the service of states and people. Pole Maciej Giertych opposed the idea of a European super-state which would jeopardise the sovereignty of every nation, while Swede Nils Lundgren called for an end of the transfer of powers to Brussels.

To comments that the party would see the cohabitation of a party wanting to leave the EU (the UK Independence Party) and other parties wanting to see a Europe of the nations, Jens-Peter Bonde

said he didn't see any problems in this combination of forces since the important thing is to win the upcoming referendums and hence to move closer to all people who will vote no.

The leadership of the group will most likely be formed of a Co-Presidency of Nigel Farage and Jens-Peter Bonde in the first part of the parliamentary term, with Nils Lundgren and Maciej Giertych taking over in January 2007.

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11. **(EU) EU/DUTCH PRESIDENCY: Mr Balkenende's priorities**

The Hague, 30/06/2004 (Agence Europe) - During its Presidency, the Netherlands hopes to concentrate on "key dossiers which are fundamental to the citizens of Europe", Prime Minister Jan-Peter Balkenende told a group of European journalists in The Hague on Wednesday. "This means that we will focus on rebalancing the European economy, internal security and continued enlargement", he said.

Economy. The European economy has "obvious weaknesses" compared to its international rivals (Mr Balkenende commented that it is 11 times harder to set up a business in European than in the United States). "We lack dynamism in the implementation of agreed reforms", in job market flexibility, for instance, he said. Nor does the EU fully exploit its potential: although everybody knows that the service sector is a bit creator of jobs, the EU has still not fully managed to bring in free movement of services. Another problem is the "red tape" bogging business down. "For this reason, the Dutch Presidency will stress the simplification and improvement of European legislation and rules", said Mr Balkenende. "I will do all I can to convince everybody to undertake urgent reforms: social security, job market rules, pensions". The new Member States have a particular experience in reforms, and this will be of benefit to the whole EU, he said.

Security, justice. "Europe should be a fully sovereign area where people feel free and safe", but only close co-operation between Europeans (and with other international parties) can achieve this. "We must strengthen information exchange and create a 'common market' of legal decisions, or harmonise drug policy". The Presidency will also work to develop a European asylum, migration and integration policy, said Mr Balkenende: "We intend to adopt a multi-annual programme in November to follow up from the Tampere programme".

Enlargement. The ten new countries should be fully involved, as soon as possible, in all aspects of the work of the Community institution, and the accession process for Bulgaria (which has already finished its technical negotiations) and Romania (which hopes to conclude its negotiations by the end of the year) will continue. As for Turkey, the Presidency feels that December's decision should be a "sustainable and well thought-out" decision, with the support of all Member States.

Answering questions from the floor, Mr Balkenende talked of:

- the financial perspectives. The Presidency aims to reach consensus on the guidelines by the end of the year, and on principles to find an agreement in 2005. On The Hague's veto in the Constitution on the adoption of the financial perspectives, Mr Balkenende stressed that "we are ready to use the bridging clause to move to qualified majority to adopt the financial perspectives as soon as a corrective mechanism has been agreed" to find a better balance in budget contributions (The Netherlands are by far the biggest net contributors by head of population). This "corrective mechanism" is also to be one of the "principles" on which the Dutch Presidency hopes to move forward and reach agreement in the next six months. -Referendum on the Constitution: A consultative referendum will be held in the Netherlands, but this is unlikely before the end of the year, given that Dutch legislation requires a minimum of 50 days between the signing of the Constitution and the referendum. In theory, Mr Balkenende is in favour of referendums on the same day, but practical issues and "different constitutional positions" in the Member States make this impossible. Former Greek Prime Minister Costas Simitis' idea of setting up a high-level group to campaign for the ratification of the Constitution is "a good one", but the Dutch Presidency would like to consult the Member States before deciding how to proceed with this suggestion "We still have work to do on this proposal". Mr Balkenende is pleased with the Constitution overall, "because it makes Europe more democratic, efficient and transparent (...), and gives new guarantees that Europe will not overstep its mark". -Turkey: President Bush's words in support of opening accession negotiations with Turkey were "inappropriate". "I told Mr Bush [in Istanbul] that this is a matter for Europeans to decide (...). I made myself quite clear". He preferred to wait for the Commission's report before making any decisions. "This is also why I told Mr Bush that today is too soon to set a date for negotiations to start". The Commission is currently working on an impact assessment of Turkey's accession on the EU, "but this will not be an excuse to create a new accession criterion, a new obstacle for Turkey, because this would be making up the rules as we go along", although Turkey was recognised as a candidate in 1999. Giving Ankara a "privileged

partnership" rather than accession would also be moving the goalposts, and would go against the decision of principle taken in 1999, he said.

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GENERAL NEWS

12. **(EU) EU/FINANCIAL SERVICES:** Commission adds bankrolling terrorism and corruption to money laundering in directive on control of financial flows

Brussels, 30/06/2004 (Agence Europe) - On Wednesday, the European Commission adopted a proposed modification to the 2001 directive on money laundering. Bankrolling terrorism and "serious infringements", such as corruption and fraud, have been added to the list of activities targeted by the text, which will authorise confiscations under civil proceedings, as opposed to criminal ones as formerly.

The directive obliges a number of professions which control financial flows to inform the authorities of all dubious transactions. Since 1991, the following have been added to the list: lawyers, notaries, accountants, estate agents, art dealers, jewellers, auctioneers and valuers, and casinos. The new proposed text adds those providing services to companies and trusts, life insurance intermediaries, and all others negotiating goods and services paid for in cash for sums above 15,000 EUR.

Following the recommendations of the Financial Action Task Force (FATF), the draft directive also lists requirements for information the professionals in question must have on their clients. Article 5 of the text bans "credit establishments and other financial establishments from holding anonymous accounts, anonymous savings books or deposit accounts under assumed names". Articles 6 and 7 define "having economic right", indicating that institutions must be aware of and understand the effective property situations for the clients. In order to take account of "concerns voiced by the professions in question", the directive stipulates that business relations can start whilst the identification procedures are still underway. It also clarifies higher-risk situations calling for identification procedures.

The directive indicates that there should be increased vigilance when there is; no face-to-face contact with the client, cross-border bank correspondence relations, relations with "politically exposed persons". The new text defines these as "legal persons who hold or have been entrusted with an important public post, and who are carrying out large or complex commercial or financial transactions which could carry an increased risk of money laundering, as well as family members or close associates of this person".

The Commission has brought in witness protection provisions. A new article calls upon the Member States to do all in their power to "protect the employees of establishments and all those coming under this directive, and who suspect money laundering in a business or financial information cell from any threat or hostile behaviour". This article was added because "the Commission believes that employees have been threatened because they have originated a statement to the authorities which then led to an inquiry or prosecution", it says.

This new proposed directive reaches the Council's table before the 2001 directive has been transposed in all Member States. It is justified notably because the Council had called upon the Commission to define "serious infringements" before December 2004, coming into line with the definition given in the Justice and Home Affairs Council decisions.

Last February, the Commission send a reasoned opinion to France, Italy, Portugal, Greece, Sweden and Luxembourg for failing to transpose the 2001 directive within the given time frame. France is dragging its heels due to certain clauses of the directive, obliging lawyers to inform the authorities of suspect transactions. This point gained a hard-fought compromise between the Parliament and the Council after lengthy conciliation proceedings.

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13. **(EU) EU/COMMISSION:** Mr Manservigi to be Director General for Development

Brussels, 30/06/2004 (Agence Europe) - On Wednesday, the European Commission decided to appoint the Italian civil servant Stefano Manservigi to the post of Director General for Development. Mr Manservigi, 49, joined the Commission in 1983, having worked at the Italian Institute for Foreign Trade. In June 2000, he became the chef de cabinet of President Romano Prodi. He has worked in the field of development for fifteen years.

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14. **(EU) EU/INFORMATION SOCIETY:** Commission presents its blueprint to ensure development of mobile broadband services in EU

Brussels, 30/06/2004 (Agence Europe) - Accessing everything necessary information from head office from a computer in the field is fast becoming vital to the efficiency of private enterprise. This is also true for public service staff when travelling. It is, in other words, a matter of ensuring access to information anytime and anywhere. To help the EU meet this challenge, the European Commission issued a communication on mobile broadband services on Wednesday, as we reported (see EUROPE of 16 June, p. 16). The document details a blueprint to achieve and maintain the lead of the EU in developing mobile broadband services. The Commission acknowledges that the challenges ahead include ensuring interoperability of technologies and networks while guaranteeing intellectual property protection for services with high value-added content. It emphasised that in order to achieve this, targeted research and development will be necessary, both on basic research and to accelerate technical innovation.

According to Erkki Liikanen, "Mobile broadband services are an economic locomotive in their own right, but are also vital to sustain competitiveness throughout the economy". The Commissioner for the information society thinks that by building on Europe's strength in the mobile communications sector, "these new services will increase productivity by boosting labour efficiency in public services and business. Anywhere, any time availability will be essential to a European information economy where the mobility of people, goods and services is increasing." And Mr Liikanen emphasised that "all stakeholders, including Member States, need to address these issues together, to ensure that Europe does not miss out on the benefits that mobile broadband services can bring.

The main areas in the Commission communication are as follows: 1) Research and development - the Commission envisages the creation of a "technology platform" in the mobile and wireless, with the key aims being the creation of a strategic research agenda, achieving the necessary critical mass for research and innovation and mobilising significant public and private financing. They say that the drafting of the 7th Community framework programme for research provides an opportunity for the creation of such a platform. 2) Interoperability. The Commission invites industry to take urgent measures to improve the interoperability of mobile broadband services so as to facilitate communication and the supply of services on different networks. 3) Value-added content. The regulatory framework for intellectual property rights should be implemented so as to foster the creation of high value-added content. 4) Spectrum policy. A coordinated European approach towards availability and flexible usage is needed. 5) E-payments. Prudential rules governing the use of "e-money", where relevant to mobile payments, should be applied in a proportionate and risk-sensitive manner. 6) Base stations and masts. Action is required to address regulatory barriers to their establishment in some member states. Member states should address the problems posed by the gaps between local policy on establishing base stations. The difficulties encountered in the physical deployment of networks should be overcome through harmonisation of conditions and by speeding up the procedures which apply to the acquisition of sites and the establishment of base stations.

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15. **(EU) EU/STATE AID/AGRICULTURE/AUSTRIA:** The Commission authorises state aid for quality products in Austria

Brussels, 30/06/2004 (Agence Europe) - The European Commission on Wednesday authorised Austria to pay aid worth a total of 4.9 million euros per year for costs linked to EU agricultural enterprises which use the quality label and biolabel issued by Agrarmarkt Austria (AMA). The Commission considers that the measures financed comply with the conditions of the 2001 EU guidelines for State aid for advertising of agricultural products. The aid covers the cost of such measures as: - controls of companies participating in the programme; - consumer information about the label and quality products in general; - sales promotion and advertising.

"Agrarmarkt Austria" (AMA) can grant two different labels: - a quality label for agricultural products of significantly higher quality than pour regular products; - a "biolabel" for organic products. These labels are open to all European Union enterprises as long as they comply with the programme requirements regarding the quality of the labelled products. The products which can be granted these labels are: meat and meat products, eggs, milk and milk products, cereals, vegetables, fruits and several processed products. The labels may also contain the indication of origin, which identifies the place of production.

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16. **(EU) EU/STATE AID/FISHERIES: Simplification of state aid rules**

Brussels, 30/06/2004 (Agence Europe) - The European Commission has adopted a new set of rules on state aid to the fisheries sector, providing for a 'block exemption' for certain types of aid which will no longer have to be notified to and approved by the Commission before Member States can implement them. This follows on from the December 2002 decision on reforming the Common Fisheries Policy (CFP). Aid not covered by this exemption will still have to be notified and assessed by the Commission as at present. The new rules will become applicable from 1 November 2004.

Block exemption: The measures covered by the block exemption relate to aid unlikely to threaten conservation or distort competition: promotion and/or advertising of fisheries products; producers' groups; protection and development of aquatic resources; innovative measures and technical assistance; fishing port facilities; scrapping of fishing vessels; socio-economic measures; investment in processing and/or marketing of fisheries products; aquaculture and inland fishing; tax exemptions on fuel and VAT. The block exemption will apply to aid granted to SMEs for amounts below EUR 1 million and to aid designed to finance measures with a maximum eligible amount of EUR 2 million.

Other aid: Aid not covered by the block exemption will still have to be notified by Member States to the Commission. The continued notification obligation covers aid to the fleet, aid for temporary cessation of fishing activities and for compensation for damages due to natural disasters or exceptional circumstances. Aid exceeding the thresholds set under the block exemption Regulation adopted today or granted to enterprises other than small and medium enterprises, will also still have to be notified to and assessed by the Commission. To be approved, aid will have to comply with criteria set out in the Guidelines which are in accordance with those guiding the granting of aid under the Financial Instrument for Fisheries Guidance (FIFG).

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17. **(EU) EU/STATE AID/SWEDEN/ENERGY: Commission decides that Swedish energy tax is state aid incompatible with EU rules covering 1 January 2002 to 30 June 2004, but is compatible from 1 July 2004 onwards**

Brussels, 30/06/2004 (Agence Europe) - On Wednesday, the Commission decided that the energy tax relief granted by Sweden to the manufacturing industry from 1 January 2002 to 31 December 2005 constitutes state aid. The Commission is of the view that this tax relief provides the recipients with a selective advantage compared to companies in other sectors. Tax relief from energy taxes can be approved under state aid rules where companies still have an incentive to further reduce energy consumption, either by paying a significant amount of the tax or by entering into binding environmental agreements. In this case, neither of these conditions was met for the period 1 January 2002 to 30 June 2004. The Commission, therefore, has to declare the measure incompatible with the common market. In a separate decision, the Commission rules that these conditions are met from 1 July onwards, hence the scheme is now compatible with the common market (until 31 December 2005).

For the period 1 January 2002 to 30 June 2004, the Commission considered the scheme to be incompatible with the common market. The Commission considers, however, that the amount of aid to be recovered should be limited. First, recovery should be equal to the minimum tax burden established by the new energy tax directive. Second, the period of recovery should run from 9 August 2003 to 30 June 2004. The Commission takes the view that only the difference between the exemption and the tax burden that would have accrued under the 2004 energy tax directive should be recovered. That directive, which entered into force in 2004, sets minimum tax rates. The Commission took into account that the tax relief is in line with State aid rules where companies still pay the minimum tax rates of a harmonised tax. Thus, it accepted to apply the same principle to the Swedish national tax also before the energy tax directive actually entered into force. Furthermore, the Commission found that the recovery period should only start the date when the Commission published its decision to open the investigation procedure regarding this case in the Official Journal (9 August 2003).

In its second decision, the Commission rules that for the period 1 July 2004 to 31 December 2005, the Commission found that the scheme is compatible with the common market state aid rules. As from that date, they will pay an amount of the tax on electricity amounting to SEK 5 (ca EUR 0.55) per MWh. In a press release, the Commission comments that energy tax exemptions can be declared compatible with the common market if companies are encouraged to reduce energy consumption, either by paying higher taxes or by making commitments with regard to the environment.

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18. **(EU) EU/COMMISSION:** Commission to take account of Belgian verdict in Cresson decision

Brussels, 30/06/2004 (Agence Europe) - On Wednesday, the Belgian courts granted Edith Cresson a no-case in the accusation that she committed fraud whilst Commissioner for Research and Education from late 1994 to 1999. At the same time, all members of the European Commission were hearing Ms Cresson, to decide how to proceed with the administrative cause brought against the former Commissioner.

The Commission has declined to comment on the results of this hearing. The spokesperson for Commissioner Neil Kinnock, Eric Mamer, told the press only that the Commission would take account of the Belgian courts' conclusions in the case, when deciding whether to drop administrative proceedings against Ms Cresson. The Commission claims that she violated her obligations as Commissioner by employing her dentist René Berthelot in 1996 and 1997, which is against internal rules on recruitment. Under article 213 of the Treaty, if the obligations of a European post are violated, the Commission can ask the Court of Justice to declare the person's pension rights and other interests null and void. The Commission will take position on the dossier in the month of July. "Once we have the conclusions of the Belgian magistrates, we will look into them in detail and take account of them, obviously, in our decision as to whether to start the next step", explained Neil Kinnock's spokesperson.

Ms Cresson's lawyers believe that the Belgian decision should lead the Commission to follow suit by closing the proceedings against the former Commissioner. They feel that the two procedures relate to exactly the same facts (employing Mr Berthelot as scientific advisor), and the Belgian decision "is binding upon the disciplinary authority". Mr Kinnock's spokesperson said that he understood Ms Cresson's lawyers' arguments, but stressed that they would have to "wait and see the Commission's exact assessment of the situation". "We have not yet had the conclusions of the Belgian magistrates, so it seems too early to draw conclusions", added Mr Mamer. The Commission rightly pointed out that above and beyond respect for the Belgian law incumbent upon all citizens, Commissioners are also subject to a number of internal rules.

Ms Cresson has voiced her relief at the decision by the Belgian courts. "I have been waiting for this day for five years", she said, delighted that the law "has recognised that there was no case to be made against me or my collaborators". "There were never any grounds for the allegations against me", said Ms Cresson, criticising the fact that "the whole thing originated with one person, Paul Van Buitenen", the European civil servant who put together a dossier on mismanagement and irregularities within the European Commission. Interviewed by AFP, the assistant prosecutor Marianne Thomas, who obtained the no-case ruling, said that the charges brought against the European Commission and Ms Cresson were political, and should never have been brought to a court of law.

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19. **(EU) EU/ECONOMY:** EU consumer confidence index falls - June inflation rate estimated at 2.4%

Brussels, 30/06/2004 (Agence Europe) - According to the European Commission, the European indicator which measures the feeling of confidence among business and consumers in the EU's economy has fallen 0.5 of a point to reach a level of 102.8 in June. During the first half of 2004, this confidence index has made slow progress, despite strong improvement in 2003. June's fall mainly referred to retail services and trade, and was not balanced out by a slight increase in consumption and construction. For the euro zone, an improvement in confidence in the industrial sector meant that the indicator's drop was limited to -0.3 points.

Whereas the Council of governors of the European Central Bank is to make its decision on Thursday on interest rates, Eurostat's estimates, published on Wednesday, predict an inflation rate of 2.4% for June 2004 (against 2.5% in May).

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20. **(EU) EU/UNIONS**

30/06/2004 (Agence Europe) - The International Confederation of Free Trade Unions (ICFTU) has published a list of multinationals- 400 in all- operating in Burma. Among the newcomers to the list are the Belgian financial group SWIFT, DAEWOO INTERNATIONAL CORPORATION (South Korea, gas field exploitation), and Austrian AIRLINES. Burma still has the world's worst track record in human and union rights, says the ICFTU in a press release. The ILO also decided, to step up the pressure on Burma, at its next board meeting in November 2004, by focussing on the foreign investment issue. (For further information, see <http://www.global-unions.org/burma>).

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21. **(EU) EP/COMMISSION PRESIDENCY/GUE**

29/06/2004 (*Agence Europe*) - Francis Wurtz, President of the GUE/NGL Group, has announced that his group will vote against Josi Manuel Durao Barroso as Commission President (see Page 5, and yesterday's EUROPE, p.4). Mr Durao Barroso "unites all the 'qualities' justifying a unanimous vote" against his candidacy, said Mr Wurtz in a press release, particularly criticising "his liberal policies", "his zeal for the Stability Pact, which has caused a serious recession in Portugal and record unemployment", and his "Atlantic orientation", and his "allegiance to George Bush, illustrated by the sad memory of the Azores summit". He feels that the Heads of State and Government have shown what a "gulf" separates them from the citizens, which, in the European elections, rightly punished these policies.

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22. **(EU) EU/BIODIVERSITY: Council calls upon Commission to assess EU strategy, adopt biodiversity indicators and add biodiversity to structural indicators**

Brussels, 30/06/2004 (*Agence Europe*) - Having been updated on the results of consultative conferences the Irish Presidency has recently organised on biodiversity in Europe (Killarney conference on research priorities and Malahide conference: see EUROPE of 27 May, p.9), Monday's Environment Council adopted conclusions entitled "halting the loss of biodiversity by 2010". This is the commitment the EU made at the Gothenburg European Council; however, this objective is far from becoming a reality, unless efforts are redoubled to implement the EU strategy in the area, and to tighten it up when it is revised, thus giving the EU the means it needs to make a serious contribution to the global objective subscribed to by the international community at the world sustainable development summit (Johannesburg 2002)- a significant reduction of the rate of biodiversity loss by 2010.

In its conclusions, the Council acknowledges that the alarming rate of biodiversity loss in the Union and the world could have an adverse effect on the environmental, economic and social objectives of the Lisbon agenda, as well as on the Millennium development objectives, which were adopted by the international community in 2000.

Taking note of the priority objectives established in Malahide, the Council calls upon the Commission to present a report as soon as possible in 2005, assessing the implementation, effectiveness and relevance of all of the objectives contained within the Union strategy adopted in 1998, and in its four action plans of 2001 (conservation of natural resources, agriculture, fishing, economic and development co-operation), taking account of recommendations made by all the players who were consulted.

The Council welcomes the first set of headline biodiversity indicators defined in Malahide, and calls upon the Commission to develop, test and finalise these indicators by 2006, taking account of their changing nature. It also point out the need to include an indicator on biodiversity in the list of structural indicators, as soon as possible and no later than the review of the sustainable development strategy. The Council calls upon the Commission to take full account of the biodiversity objectives when it reviews this strategy, and when it conducts its mid-term review of the Lisbon strategy.

The Council also welcomes the Killarney recommendations, which stress the crucial role of the 7th framework programme on research in attaining biodiversity objectives. It repeats the need for the Member States and the Commission to plan measures to use adequate means- including financial- to boost the process of integrating biodiversity concerns into all the relevant sectorial policies (environment, agriculture, fisheries, forestry, regional and town planning, transport and energy, research, tourism, trade, economic and development co-operation). It underlines the importance of completing the Natura 2000 network of protected natural habitats and protection areas for species protected under the Habitats and Birds directive outside this network.

The Council recognises the need to tackle the question of the impact of the Union's actions on the biodiversity of third countries, and the Union's particular responsibility to ensure that the 2010 objectives are achieved in Europe and internationally. It particularly stresses the urgency of ending imports of illegally-harvested wood into the EU, to help boost the sustainable exploitation of forests, and urges the Commission to present its reports and proposals on the Community action plan on the application of the forest law enforcement, governance and trade).

On work being carried out internationally, the Council welcomes the results of the seventh conference of the parties to the United Nations Convention on Biological Diversity (COP7) and the

first meeting of the parties to the Cartagena Protocol on Biosafety (MOP1). It calls upon the Commission and the Member States to implement the new working programmes adopted on protected areas, including actions for the protection of marine and coastal areas, biodiversity in mountainous areas and technology transfer. It welcomes the Commission's initiatives to implement international guidelines within the Community on access to genetic resources on exotic plants, and sharing the advantages drawn from the use of these resources with the country of origin (see EUROPE of 10 January, p.12). Lastly, the Council calls upon all countries which have not ratified the Protocol on Biosafety to do so, especially the United States.

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23. **(EU) EU/COMPETITION:** Commission decides to open in-depth inquiry on Continental's acquisition of Phoenix

Brussels, 30/06/2004 (Agence Europe) - The acquisition of Phoenix by Continental, both German producers of rubber products, has, according to the Commission, raised serious misgivings about the effect competition on two markets in particular. The proposed acquisition, which was notified on 12 May, could also create or reinforce a pan-European dominant position for Continental in the fields of air sprung suspension and conveyor belt products.

According to the Commission's inquiry, Continental and Phoenix would become Europe's largest supplier of pneumatic tyres for a wide range of vehicles (commercial, rail, private cars) and spares. On the heavy conveyor belt market, especially heavy steel cord conveyor belts and filter belts (with holes), the operation could again give rise to the largest European producer. The Commission has also found evidence that there are barriers to enter the European market for steel cord conveyor belts and filter belts, which causes concerns for competition if Phoenix were to disappear as an independent operator.

The corrective measures proposed by Continental at the preliminary inquiry were not enough to dispel the Commission's doubts. The Commission now has 90 days to conclude its second-phase inquiry.

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24. **(EU) EU/COMPETITION:** Commission green light to two joint ventures by Dow Chemicals and PIC

Brussels, 30/06/2004 (Agence Europe) - On Tuesday, the Commission authorised two joint ventures, White Sands and Planet, by Dow Chemicals Company, based in the United States, and Kuwait Petroleum Corp's Petrochemical Industries Company K.S.C. (PIC). White Sands and Planet will be jointly held by both parties, and active in the processing, marketing and sales of ethylene glycols and polyethylene terephthalate (PET). PET is used in the production of packaging for various cosmetic or food products, and ethylene glycols is a raw material used, for example, in the production of PET products. Upon evaluation, the European executive is of the opinion that the horizontal overlaps are minimal in the case of White Sands, and non-existent in Planet. The Commission feels that Dow Chemical and PIC will not be able to use their other companies to bolster White Sands' and Planet's position on their respective markets, especially as these markets are relatively fragmented with strong competitors.

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25. **(EU) EU/COMPETITION:** Commission authorises UNIQA's acquisition of Mannheimer

Brussels, 30/06/2004 (Agence Europe) - The Commission has just authorised an operation in the insurance sector, allowing the Austrian group UNIQA to increase its stake in the German group Mannheimer from 20% to 87%. The Commission feels that this is unlikely to harm competition, as both groups are active in different Member States, and there is only a very slight overlap. UNIQA has a strong presence in Austria in the field of health insurance, from which Mannheimer has withdrawn. For other kinds of insurance, UNIQA has a very limited presence in Germany.

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26. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has given the go ahead to a Finnish joint venture, Avantone Oy, between Nokia Corporation and Metso Corporation. The new company will offer communication technology services. It was concluded before 1 May, and was also examined by the national competition authorities concerned (Poland, Bulgaria and Ukraine). The Commission dealt with it under the simplified examination procedure.

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27. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has authorised the take-over of German operator Apcoa Parking AG by the investment company Investcorp (Bahrain).

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28. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has given the green light to the joint acquisition of the British company Global Solutions Limited (GSL) by Electra European Found Ltd and Englefeld Capital, two investment companies belonging to the group 4 Falck. GSL offers services in the field of prison and detention centre equipment management and installation. This operation, which was notified on 27 May, was examined under the simplified procedure.

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29. **(EU) EU/SOCIAL: Recommendations of the multi-stakeholder forum on corporate social responsibility in the EU - support from Commissioners Dimas and Liikanen**

Brussels, 30/06/2004 (Agence Europe) - European Commissioners Stavros Dimos (employment) and Erkki Liikanen (enterprise) received the final report of the multi-stakeholder European forum on corporate social responsibility (CSR) from high-level representatives from business, trades unions and civil society on 29 June. Entitled "Results of the round table on raising awareness of CSR and facilitating exchanges of experience and good practice", the document in particular lays out recommendations for increasing awareness of CSR and the creation of a favourable environment for the practice of such responsibility. Following the meeting, the Commission will assess the progress made under its 2002 strategy to promote corporate social responsibility (CSR), working particularly from the suggestions made in the forum's report, before adopting a new communication on the subject before the end of the year.

The forum's recommendations can be summarised as follows:

1) Increase awareness of CSR and improve knowledge of: a) stakeholders in the creation of the multi-stakeholder forum can increase awareness of CSR among all their business partners, that is not only other businesses, but also all driving forces in society and particularly consumers; b) businesses with CSR policies which work well can encourage other businesses to adopt appropriate strategies, making their knowledge and experience available. Such cooperation could have real knock-on effects; c) research should be carried out on the many aspects of CSR in order to increase understanding of the concept and also the link between CSR and sustainable development, and between sustainable development and competitiveness.

2) Increase capacity and competences to contribute to the integration of CSR through: a) training in businesses: the development of good attitudes and skills among all employees must be ensured to allow them to deal with the daily practice of CSR; b) the formation of networks, with particular attention to SMEs and businesses in the least developed countries: businesses, which can play a "pedagogical role", should exchange best practices; c) increased capacities among stakeholders: NGOs, trades unions, the media etc should also invest in training their members on issues linked to CSR in order to develop their role as coordinators or catalysts and to integrate CSR into their own organisations; d) the integration of CSR into the curriculum of schools, universities and other teaching establishments; e) case studies which can serve as teaching aids, particularly for the liberal professions, future leaders and managers and for research into CSR.

3) Create a favourable environment for CSR: through the creation of networks between stakeholders and businesses, collaboration with all relevant partners with a view to creating a documentation centre on CSR and also through efforts by governments and international organisations to implement consistent policies which are favourable to competitiveness and sustainable development.

The report is the culmination of twenty months of discussion. It is based on three round table meetings on improving knowledge of CSR and highlights the points raised in case studies mentioned at those meetings, including: - the impact of CSR on business and society; - tools which can be used to improve CSR; - the integration of CSR into business strategies and structures; - the incorporation of CSR into education and training.

The report anchors corporate social responsibility (CSR) within the framework of the strategy drawn up in 2000 in Lisbon where the leaders of the EU for the first time appealed to businesses'

sense of responsibility, said a Commission spokesperson in a communication. The parties have proposed to hold another meeting in two years to take stock of the situation. (The document is available on the website <http://europa.eu.int/comm/enterprise/csr/documents.htm>).

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30. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has authorised the joint acquisition of the German company Aral Wörme Service GmbH, which operates in the distribution of heating fuel, by Deutsche BP AG (part of BP) and OKTAN Mineralöl-Vertrieb GmbH (BMW). The move, which was notified on 27 May 2004, was examined under the simplified procedure.

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31. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has authorised the joint acquisition of the mining company RAG American Coal by the American commercial bank First Reserve and the investment fund Blackstone. The move, notified on 27 May, was examined under the simplified procedure.

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32. **(EU) EU/COMPETITION**

30/06/2004 (Agence Europe) - The Commission has authorised the takeover of the German company Apcoa Parking AG by the investment group Investcorp Group (Bahrain).

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33. **(EU) EU/SOCIAL AFFAIRS: President of Social Platform Anne-Sophie Parent says common rules are needed for corporate social responsibility, like for football - Contribution to Lisbon and Gothenburg Processes**

Brussels, 30/06/2004 (Agence Europe) - Corporate social responsibility is like football, it needs to play by the same rules, explained President of the European Social Platform (of NGOs), Anne-Sophie Parent, at the Multilateral European Forum on Corporate Social Responsibility, which ended in Brussels on 29 June (see EUROPE of 24 June, p.17). In her speech, Anne-Sophie Parent emphasised on behalf of the NGOs that CSR (corporate social responsibility) should not replace legal instruments if the EU wants to achieve its target of sustainable economic growth one day, but CSR could play an important role if set within an effective framework.

Returning to the football analogy, Ms Parent said that although people shouldn't be forced to play football, those who want to follow the same rules and this applies to CSR too. She added that if a common framework is not developed, companies wanting to get involved (players) and external parties (the public) will not trust CSR and it will still be seen by many as no more than a public relations exercise. She explained that what was required to make CSR credible and effective, was rules for measuring company behaviour (like FIFA's rules for football), rules which apply to all companies. Without a common framework, companies pledging themselves to CSR will play alone in an empty stadium and even the most enthusiastic players will end up losing interest in the process. A common framework is needed to set a level playing field, said Anne-Sophie Parent.

For this reason, the NGOs are urging the Commission to play the part of FIFA and propose a European framework ensuring all players respect the rules of the game. They believe the EP should be more involved and the European Council should take common initiatives to monitor and assess the role of CSR to meeting the Lisbon and Gothenburg objectives.

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34. **(EU) EU/ENTREPRISE: UEAPME Secretary General Hans-Werner Möller wants a more binding legal framework for small companies**

Brussels, 30/06/2004 (Agence Europe) - At a conference organised by the Irish Presidency and the European Commission (DG Enterprise) celebrating the fourth anniversary of the Small Business Charter, the Secretary General of UEAPME (European Union of Craft and SMEs), Hans-Werner Möller, called for a more binding legal framework for the Charter, to force governments to do more for small businesses and demonstrate that European politicians really support small businesses.

According to the UEAPME, to improve implementation of the Charter, common assessment criteria are needed to draw up a unified table of progress. It is therefore calling for an impact indicator to

be established to highlight applications of the Charter and it wants the Commission to propose a multi-annual action plan with of measures implementing the Charter. Such an action plan would allow more concrete measures to be taken and provide genuine benchmarking.

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35. **(EU) EU/PATENT**

30/06/2004 (*Agence Europe*) - The French employers' organisation Medef has published a Patent Manifesto of a dozen or so pages. It urges the Council of the EU and the European Commission to finally agree on the establishment of the Community patent and a single legal system under the responsibility of the European Court of Justice for settling disputes surrounding the patent. It also wants the directive on patentability of computer-designed inventions to be endorsed in the form in which it has been adopted by the Council (the directive has come up against strong opposition at the European Parliament, Ed.).

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36. **(EU) EU/EDUCATION**

30/06/2004 (*Agence Europe*) - The Association des Etats Gmraux des itudiants de l'Europe (AEGEE) is organising a series of conferences from 2 to 11 July, to be attended by thirty or so students, scientists, diplomats and experts from the whole of Europe. The conference will be held in Moscow and St Petersburg and will look at political and cultural issues post-enlargement with the aim of developing greater mutual understanding of the different components of the European identity.

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37. **€: VALUE IN DIFFERENT CURRENCIES ON 30/06/2004**

USD	1.2155	CHF	1.5242	EEK	15.6466	ROL	40626	HKD	9.4803
JPY	132.4	ISK	88.33	HUF	251.6	SIT	239.99	NZD	1.921
DKK	7.4326	NOK	8.4365	LTL	3.4529	SKK	39.875	SGD	2.0901
GBP	0.67075	BGN	1.9559	LVL	0.657	TRL	1805300	KRW	1404.45
SEK	9.1451	CYP	0.5815	MTL	0.4263	AUD	1.7554	ZAR	7.6177
CZK	31.755	PLN	4.5236	CAD	1.6343				

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Constitution to be adopted in Rome

30.06.2004 - 09:59 CET | By Andrew Beatty, Mark Beunderman and Honor Mahony

EUOBSERVER / BRUSSELS – EU leaders meeting in Brussels last night (29 June) agreed that the European Constitution agreed upon on 18 June in Brussels should be officially adopted in Rome in November.

The European Parliament had called for the text to be adopted in Madrid as a tribute to the victims of the terrorist attacks on the city on 11 March this year.

After failing to get the text agreed on time during the Italian presidency at the end of last year, the Italian Prime Minister Silvio Berlusconi pressed successfully for the text to be adopted in Rome in any instance.

Traditionally the treaties have been signed in the country that holds the presidency of the Council at the time it is agreed, in this case Ireland.

The Constitution, if ratified by all countries, will replace the original Treaty of Rome from 1957.

And it is this ratification that is now exercising the minds of governments.

Meet the voters

During the meeting EU leaders had a brief discussion about ratification of the Constitution during a meeting in Brussels on Tuesday.

According to diplomatic sources the discussion focused on the negative effects of a drawn out process of ratification of the text.

With some member states considering holding a referendum this year, the process could last over a two and half year period.

Luxembourg leader Jean-Claude Juncker, whose country is to have a referendum, suggested that leaders have to discuss ratification procedures and how to arrange them.

It was suggested that referenda should take place within a certain timeframe.

A diplomat said that EU leaders could agree that referenda and ratification by national parliaments all take place within eight months or less.

"They want to draw the dates together".

They informally agreed that the incoming Dutch EU Presidency should take up the issue and that foreign ministers could discuss the matter next month.

Selling the text

With some member states facing significant public opposition to their EU policies, there was also talk of a 'Committee of Wise Men' whose job would be to communicate the Constitution to the EU citizens.

The Greek Prime Minister Kostas Karamanlis proposed the high-level group be set up, headed by the former Greek PM Kostas Simitis, who would reflect on the ratification process and present arguments in favour of adopting the Constitution.

The group would consist of "personalities of the EU."

Several EU leaders expressed their support to the Greek initiative, according to Reuters.

But the Irish Europe Minister Dick Roche said that leaders themselves should sell the Constitution to voters: "I personally believe if (leaders) believe in the constitutional treaty, they have to get out there and explain it to the people".

Some names of people which could be part of this committee have already been floated.

Former Commission President Jacques Delors and former German Chancellor Helmut Kohl, politicians who currently do not have official positions, are being seen as possible "personalities" in this proposed committee.

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