



**COUNCIL OF
THE EUROPEAN UNION**



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PRESS RELEASE

2754th Council Meeting

Transport, Telecommunications and Energy

Luxembourg, 12 October 2006

President

Ms Susanna HUOVINEN
Minister for Transport and Communications
of Finland

P R E S S

Main Results of the Council

The Council reached a political agreement on a proposal for a Regulation on common rules in the field of civil aviation security.

*The Council also agreed a general approach on a proposal for a Council Regulation amending Regulation setting up the **Galileo Joint Undertaking** and on a proposal for a Council regulation amending the Regulation on the establishment of structures for the management of European satellite radio-navigation programmes.*

*Furthermore, the Council adopted conclusions on the progress of the **Galileo** programme.*

Without debate the Council adopted:

- a Regulation establishing the **Marco Polo II** programme;
- a Decision approving the signature, on behalf of the European Community, of the Transport Protocol to the **Alpine Convention**;
- a Decision establishing a **competitiveness and innovation framework** programme for the years 2007 to 2013.

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- The documents whose references are given in the text are available on the Council's Internet site <http://www.consilium.europa.eu>.
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the abovementioned Council Internet site or may be obtained from the Press Office.

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PARTICIPANTS

The Governments of the Member States and the European Commission were represented as follows:

<u>Belgium:</u> Mr Renaat LANDUYT	Minister for Mobility
<u>Czech Republic:</u> Mr Ondřej JASEK	State Secretary, Ministry of Transport
<u>Denmark:</u> Mr Flemming HANSEN	Minister for Transport and Energy
<u>Germany:</u> Mr Jörg HENNERKES	State Secretary, Federal Ministry of Transport, Building and Urban Affairs
<u>Estonia:</u> Mr Tiit NABER	Permanent Representative
<u>Greece:</u> Mr Mihail-Georgios LIAPIS	Minister for Transport and Communications
<u>Spain:</u> Mr Fernando PALAO	Secretary-General for Transport , Ministry for Infrastructure and Transport
<u>France:</u> Mr Dominique PERBEN	Minister for Transport, Infrastructure, Tourism and the Sea
<u>Ireland:</u> Mr Martin CULLEN	Minister for Transport
<u>Italy:</u> Mr Alessandro BIANCHI	Minister for Transport
<u>Cyprus:</u> Mr Michael CONSTANTINIDES	Permanent Secretary, Ministry of Communications and Works
<u>Latvia:</u> Mr Janis MARSANS	State of Secretary, Ministry of Transport and Communications
<u>Lithuania:</u> Mr Algirdas BUTKEVIČIUS	Minister for Transport and Communications
<u>Luxembourg:</u> Mr Lucien LUX	Minister for Environment, Minister for Transport
<u>Hungary:</u> Mr Balázs FELSMANN	Secretary of State, Ministry of Economy and Transport
<u>Malta:</u> Mr Censu GALEA	Minister for Competitiveness and Communications
<u>Netherlands:</u> Ms Karla PEIJS	Minister for Transport, Public Works and Water Management
<u>Austria:</u> Mr Hubert GORBACH	Vice Chancellor and Federal Minister for Transport, Innovation and Technology
<u>Poland:</u> Mr Eugeniusz WRÓBEL	Undersecretary of State, Ministry of Transport

Portugal:

Mr Mário LINO

Minister for Public Works, Transport and
Communications**Slovenia:**

Mr Janez BOŽIČ

Minister for Transport

Slovakia:

Mr Lubomír VÁŽNY

Minister for Transport, Posts and Telecommunications

Finland:

Ms Susanna HUOVINEN

Mr Perttu PURO

Minister for Transport and Communications
State Secretary, Ministry of Transport and
Communications**Sweden:**

Ms Åsa Torstensson

Minister for Industry, Employment and Communication

United Kingdom:

Mr Stephen LADYMAN

Minister of State for Transport

Commission:

Mr Jacques BARROT

Vice-President

The Governments of the Acceding States were represented as follows:

Bulgaria:

Mr Peter MUTAFCHIEV

Minister for Transport

Romania:

Mr Radu Mircea BERCEANU

Minister for Transport, Construction and Tourism

ITEMS DEBATED

INTERMODAL QUESTIONS AND NETWORKS

Mid-term review of the European Commission's Transport White Paper

The Council held a policy debate on the mid-term review of the European Commission's 2001 Transport White Paper (*doc. 10954/06*) on the basis of a questionnaire prepared by the Presidency (*doc. 12831/06*).

At mid-term, the Commission has evaluated the effects of the EU Transport Policy as set out in the 2001 Transport White Paper (*doc. 11932/01*), proposing new policy orientations and actions for the years until 2010.

In the policy debate, all delegations recognized the important progress achieved on the basis of the 2001 Transport White Paper. Furthermore, it was stressed that there was a continuing need for an EU Transport Policy aiming at sustainable transport systems which meet society's economic, environmental and social needs. In this light, delegations acknowledged the need for re-orienting the EU Transport policy to new developments, the most important being EU enlargement, globalisation, growing dependency on oil and high oil prices, increased importance of technology and innovation, international commitments in the field of the environment (Kyoto-objectives) and the sustained threat of terrorism.

The Presidency summarised the discussions in the Council in a synthesis document (*doc. 13847/06*) as follows:

- "1. It is widely considered that, in the context of the renewed Lisbon Strategy and the reviewed Sustainable Development Strategy, there is a continuing need for an EU sustainable transport policy that aims at transport systems meeting society's economic, social and environmental interests and that is consistent and pro-active in the international context;
2. Member States broadly support the objectives of the EU Transport Policy aiming at providing European citizens and businesses with transportation systems that offer a high level of mobility, while protecting the environment, improving safety, optimising an efficient use of energy, promoting minimum labour standards and passengers rights and stimulating innovation;

3. Member States welcome the Commission Communication "Keep Europe moving - Sustainable mobility for our continent - Mid-term review of the European Commission's 2001 Transport White Paper";
4. Member States in general value the extensive Impact Assessment made by the Commission considering it a proper basis for discussing the new orientations of the EU Transport Policy for the coming years;
5. Member States recognize the progress achieved on the basis of the measures included in the 2001 Transport White Paper, in particular the opening up of rail freight transport to competition, the upgraded social conditions for road transport, the definition of 30 trans-European transport networks (TEN) priority projects, the creation of the European Single Sky, the strengthening of passenger rights in aviation, the Eurovignette directive on road charging, the Marco Polo programme on intermodal transport, the road safety programmes and the reinforcement of the legal framework in maritime safety and the start of innovative industrial programmes as GALILEO (satellite), Intelligent Car Initiative and eSafety (road), European Rail Traffic Management System ERTMS (rail), River Information Systems RIS, SafeSeaNet and Vessel Traffic Management and Information Systems VTMISS (waterborne transport) and Single European Sky Air Traffic Management Research Programme SESAR (aviation);
6. Member States emphasize that - in line with the principles of Better Regulation - the Community should only legislate where it is necessary and use alternative instruments in suitable cases. In this context they stress the importance of effective implementation and enforcement - including, where appropriate, cross-border enforcement - of the existing EU legislation in the transport field;
7. Member States fully agree with the Commission that an EU Transport Policy benefits from continuing dialogue with users, providers and other interested parties and that decisions on individual policy measures should be based on in-depth impact analyses of economic, environmental and social consequences. Furthermore, in devising policy measures for the transport sector, the interconnection between the EU Transport Policy and other policy areas such as Energy, Innovation and Environment, need to be taken into account. In this context, Member States acknowledge that a pragmatic and co-operative approach is needed to tackle the new challenges to sustainable transport in Europe;

8. There is wide support for the Commission's analysis of the evolving context of the EU Transport Policy since 2001, which points in particular to enlargement which not only resulted in an important geographical extension of the European Union but also in a significant increase in diversity, to the growing importance of technology and innovation for competitive and sustainable transport services, to new international environmental commitments such as those under the Kyoto Protocol, to the impact of increased strong oil dependency and high oil prices and to the sustained threat of terrorism;
9. Member States broadly recognize the need for re-orienting the EU Transport Policy in line with this evolving context, having available a broader, more flexible, transport policy toolbox which enables, where necessary, tailor-made measures and mutually complementary action by all interested parties. Furthermore, it is underlined that policy measures should be taken at EU-level only where doing so would bring clear added value. These measures need to be adjusted in view of the different needs and circumstances of Member States, such as geographical position, economic development and status of infrastructure, thereby fully respecting the principle of non-discrimination;
10. Most Member States support the approach in the Mid-term review of the 2001 Transport White Paper to devise measures which disconnect mobility from its negative consequences, aiming at an optimised use of all modes of transport, individually or in combination by facilitating the passage from one transport mode to another ("Co-modality"). Shifts to more environmentally friendly modes of transport such as rail, maritime transport and inland navigation, must continue to be achieved where appropriate, especially on long distance, in urban areas and on congested corridors. In this context, the need for further re-enforcing multi-modal freight interchanges is underlined. Some Member States also point to the contribution emission trading could bring to reducing the impact of aviation on the environment;
11. There is wide recognition of the importance of an internal market for all transport modes for growth within the European Union and for Europe's competitive position in the global economy. Moreover, Member States acknowledge the necessity to keep the scope and functioning of the internal market under regular review. Furthermore, Member States agree that the EU Transport Policy must enable the guarantee of services of general interest effectively, leaving it to the relevant national, regional and local authorities to define, organise and monitor these services - in particular as regards public transport services - in a way compatible with the internal market. Also, several Member States stress the need for revitalising European railways. Some Member States underline the importance of dealing with the development of public transport in a more comprehensive way.

Different groupings of Member States point to the following internal market issues:

- the need for specifying the legal framework for cabotage with a view to avoiding distortion of competition in the road haulage market;
 - the importance of creating a level playing field so that, as regards interurban services, bus passenger transport can compete on an equal basis with other modes of transport;
 - the need to identify and eliminate bottlenecks to the smooth flow of cross-border public transport chains;
 - the need for further guidelines indicating what categories of financial contributions to the transport sector are not considered state aid;
 - the inappropriateness of re-opening discussions on further harmonisation of fuel taxes;
12. Member States are willing to actively contribute to the debate on the Green Paper on a future EU maritime policy. However, they underline, taking into account that Shipping is an international industry, the need to further clarify both the link between this debate and the intention, expressed by the Commission in its mid-term review, to develop an integrated maritime transport strategy around a "Common European Maritime Space" and the concept of such a "Common European Maritime Space" as such. Several Member States welcome policy measures that would further promote Short Sea Shipping and Motorways of the Sea and that would enhance the efficiency of the ports in Europe. Also the importance of a competitive inland navigation sector is underlined.
13. Member States underline that an adequate physical infrastructure that is interoperable, in particular as regards railways, is essential for an accessible and well-functioning internal market, for connecting peripheral regions and for efficient border crossings within the Union and between EU and neighbouring countries. In this context, the potential of intelligent traffic management systems to enhance traffic efficiency, reduce congestion, improve safety and strengthen environmental performance is highlighted. Furthermore, the need for an effective and coherent approach mobilising all relevant sources of finance for new and improved infrastructure of European interest, in particular with regard to the TENs, which involves all stakeholders, is underlined. Finally, it is acknowledged that charging schemes could contribute to financing infrastructure and to optimising transport, taking into account environmental impact or congestion risks;

14. Member States express different views with regard to the degree to which external costs need to be internalised in the cost of infrastructure use. In this context, it is noted that the Commission is engaged to present, no later than 10 June 2008, a generally applicable, transparent and comprehensible model for the assessment of external costs to serve as a basis for future calculations of infrastructure charges accompanied by an impact assessment of the internalisation of external costs for all modes of transport;
15. Member States broadly agree that effective implementation and enforcement of EU legislation on qualifications and working conditions are of paramount importance, and that further efforts are necessary to improve training and to motivate young people to take up employment in the transport sector, engaging social partners where possible, and taking due account of the principle of subsidiarity;
16. Member States stress, in the light of the transport sector's high dependency on oil, the weakening of its competitive position as a consequence of the rise of fuel prices and its impact on the environment and on climate change, the need to make optimal use of all sources of energy, inter alia by promoting green propulsion and efficient use of energy in transport;
17. Several Member States emphasize the need for higher EU ambitions with regard to the reduction of emissions - including noise - from vehicles;
18. There is wide endorsement for continuing efforts of the European Union to increase quality of service and to ensure basic passenger rights in all modes of transport, notably as regards persons with reduced mobility;
19. The need for continuously reviewing and further developing safety in all modes of transport, aviation, maritime, inland navigation, railway and road, is highlighted. In view of the goal of halving the number of road fatalities by 2010, Member States underline the need for continuing efforts by all relevant stakeholders to safety, using an integrated approach that is targeted at the infrastructure, the vehicle and all participants in traffic. In that context, the measures concerning road infrastructure safety should be improved, the safety requirements of vehicles should be raised, public awareness of safety should be strengthened - inter alia through educating drivers - and cross-border enforcement of traffic offences should become more effective;

20. Member States acknowledge that transport can be both a target and an instrument of terrorism and that, therefore, the Community should further contribute, within its competencies and taking into account the cost of mobility especially for Small and Medium sized Enterprises, to enhancing security of citizens, vehicles, transport operators and administrations;
21. Member States acknowledge the important contribution that innovation and Research and Development, in particular in the field of Information Technology, GALILEO, ERTMS and intelligent transport systems, can bring to increasing the efficiency and the sustainability of the growing transport system;
22. Member States recognize the importance of an EU strategy for freight transport logistics in Europe with a view to increasing competitiveness, regionally balanced development and sustainable mobility. They underline the need for public authorities to match the development of integrated logistics companies by developing policies which enable the integration of the various transport modes into efficient logistics chains. In this context the launching of the debate on the Commission Communication on Freight Transport Logistics is welcomed;
23. A majority of Member States supports the idea that there is a certain need for action at European level on urban transport while considering at the same time that reflections on possible measures should fully respect the principle of subsidiarity;
24. Member States underline the need for well integrating the external dimension into EU Transport Policy, on the one hand, and a consistent approach of the European Union and its Member States towards the outside world, on the other hand, taking due account of the principle of subsidiarity. While Member States recognize the need for further enhancing the capability of the EU and its Member States to act effectively on the international stage, views differ on how to accomplish this. In this context, Member States underline the importance of appropriate coordination mechanisms between Member States and the EU;
25. The Presidency invites the Commission to take this synthesis of the discussions in Council on the mid-term review of the 2001 Transport White Paper, in combination with the written contributions thereto submitted by the delegations, into account in further elaborating the appropriate initiatives to promote sustainable, efficient, reliable, safe and secure transport systems in Europe."

Freight transport logistics

The Council took note of information provided by the Commission on its Communication on Freight Transport Logistics in Europe - the key to sustainable mobility, adopted on 5 July 2006 (*doc. 11312/06*).

Logistics play a key role in ensuring sustainable mobility thereby strengthening competitiveness, and can contribute also to a cleaner environment, less congestion and an improved security of energy supply. In its Communication, the Commission, while considering the development of Freight Transport Logistics primarily a business-related activity, examines where the EU could offer added value by setting the right framework conditions. The Communication is the first concrete follow-up to the mid-term review of the 2001 Transport White Paper.

The Finnish Presidency gave a report to the Council on the Logistics Seminar that it organised together with the Commission in Brussels on 5 October. The participants in the Seminar, who represented a broad range of stakeholders in both the private and the public sector, exchanged views on the areas of action proposed in the Communication, the most prominent being the identification of bottlenecks in logistics, the need for adequate statistics and the role of information and communication technology and logistics training.

The Presidency intends to adopt conclusions on Freight Transport Logistics at the December TTE Council. These conclusions will give political guidance to the Commission in preparing in 2007 a logistics framework strategy and a logistics action plan.

Galileo**– a) Galileo Joint Undertaking**

The Council agreed a general approach on a proposal for a Council Regulation amending Regulation (EC) No 876/2002 setting up the Galileo Joint Undertaking, pending the adoption by the European Parliament and the Economic and Social Committee of their respective opinions.

The draft Regulation is aimed at amending the statutes of the Galileo Joint Undertaking in order to provide that the undertaking will cease to operate on 31 December 2006. It complements a second proposed Regulation amending Council Regulation (EC) No 1321/2004 establishing the European GNSS Supervisory Authority (Supervisory Authority) that ensures the completion of the development phase of the Galileo programme through the Supervisory Authority. By these means, all activities of the Galileo Joint Undertaking will be taken over by the Supervisory Authority by the end of 2006.

The Galileo Joint Undertaking was set up to carry out the development phase and to prepare for the successive phases of the Galileo programme. Its founding members are the European Community and the European Space Agency. It has two main tasks: firstly, it directs and coordinates the necessary research and development activities. To this end, it has concluded an agreement with the European Space Agency, to which the implementation of these activities has been assigned. Secondly, it manages the procedure for selecting the system's future concession holder, which will be responsible for managing the deployment and operational phases, providing the necessary private capital and ensuring the commercial success of the operation.

– *b) Structures for the management of European satellite radio-navigation programmes*

The Council agreed a general approach on a proposal for a Council Regulation amending Regulation (EC) No 1321/2004 on the establishment of structures for the management of European satellite radio-navigation programmes, pending the adoption by the European Parliament and the Economic and Social Committee of their respective opinions.

The proposal is aimed at enabling the European GNSS Supervisory Authority (Supervisory Authority) to complete the development phase of the Galileo programme after the winding-up of the Galileo Joint Undertaking.

The Supervisory Authority was set up by Council Regulation (EC) No 1321/2004, and its task is to ensure the management of public interests relating to the European satellite radionavigation programmes Egnos¹ and Galileo, and to act as regulatory authority in this connection during the deployment and operational phases of the Galileo programme.

The Supervisory Authority is, in particular, the licensing authority vis-à-vis the private concession-holder for the system, with which it will conclude the concession contract. The two systems, Egnos and Galileo, will be owned by the Supervisory Authority and their ownership will remain entirely public: only the management of the deployment and operational phases will be awarded to the concession holder, for a period of about twenty years. In addition, the Supervisory Authority will be the owner of all the tangible and intangible assets which are transferred to it from the Galileo Joint Undertaking on completion of the development phase and which may be created or developed by the concession holder during the deployment and operational phases.

¹ The European Geostationary Navigation Overlay Service (EGNOS) is Europe's first venture into satellite navigation. It is a joint project of the European Space Agency, the European Commission and Eurocontrol, the European Organisation for the Safety of Air Navigation. It is Europe's contribution to the first stage of the global navigation satellite system (GNSS) and is a precursor to Galileo.

– *c) Progress of the Galileo programme - Council conclusions*

The Council adopted the following conclusions on the progress of the Galileo programme, drawn up on the basis of the Commission communication "*Taking stock of the Galileo programme*"¹:

"Having regard to:

- (1) the previous resolutions and conclusions of the European Council and the Council with regard to the GALILEO and EGNOS programmes, in particular the conclusions of 9 and 10 December 2004;
- (2) the Commission communication taking stock of the GALILEO programme²,

THE COUNCIL

1. RECALLS that GALILEO is by definition a global civil navigation satellite programme under civil control and that it is under the control of the EU;
2. NOTES the progress of the development phase of the programme and URGES the Commission, the Galileo Joint Undertaking, the European GNSS Supervisory Authority and the European Space Agency to make every effort to ensure that the GALILEO system is fully operational by the end of 2010;
3. NOTES the information provided by the Commission on the status of the concession contract negotiations; UNDERLINES that both parties share the responsibility for a successful conclusion of the negotiations of the concession contract, which shall include the appropriate sharing of risks between the prospective concession holder and the European Union and the necessary financial arrangements;

¹ See doc. 10427/06 of June 2006. The communication outlines the key components of this European project and includes an updated timetable for its implementation.

² Doc. 10427/06.

4. REQUESTS the Commission to keep it regularly up-to-date of the progress of the negotiations of the concession contract before the closure of the main chapters and to inform it of the Heads of Terms Agreement, as soon as it is available and so as to allow an in-depth discussion in the appropriate formations of the Council and to keep it informed about the detailed contract negotiations as they proceed before signature by the European GNSS Supervisory Authority, particularly as regards the financial implications for the Community budget; and ASKS the Commission to bring forward a detailed reasoned analysis, to accompany the information on the Heads of Terms Agreement, in which the economic and strategic value and affordability for the EU will be assessed;
5. RECOGNISES that the concession, if granted, will lead to contractual commitments for the Community throughout its entire duration of 20 years, and will require the establishment of special financing mechanisms; and ASKS the Commission to pursue actively its work on these special financing instruments, within the framework of the Financial Regulation ¹, and to report on the elements which might therefore be included in the proposed European GNSS Financial Regulation, as soon as the precise implications of the Heads of Terms Agreement or the proposed concession contract for the Community budget are known;
6. ASKS the Commission to actively pursue its work on developing the policy for access to the Public Regulated Service (PRS), allowing in particular the definition of the conditions under which Member States will organise and manage their user groups, on the basis of the preparatory work already carried out, and to submit its proposals in due time for the deliberation and approval by the Council, following a timetable which would allow the PRS to be used as of the end of 2010; and REITERATES that the use of the governmental service by the Member States will be on an optional basis and that the full operational costs of this service will be met by the users, on a non-commercial basis;
7. ENCOURAGES the full establishment of the European GNSS Supervisory Authority, the Community Agency that manages the public interests relating to EGNOS and GALILEO; WELCOMES the Commission's legislative proposals aiming to transfer during 2006 to that Authority the remaining activities of the Galileo Joint Undertaking, which will be wound-up; and AIMS to reach an agreement on the proposals before the end of 2006;

¹ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (Official Journal L 248 , 16/09/2002 P. 0001 – 0048)

8. CONFIRMS the need to reach an agreement on the seat of the European GNSS Supervisory Authority in order to ensure its efficient functioning;
9. ASKS the Commission to provide a master plan of the European GNSS programmes, for the whole lifetime of the programmes, covering system operations, service provision, certification, evolutions, management, costs and funding scheme; and UNDERLINES that the master plan for EGNOS shall be available before the transfer of EGNOS from the European Space Agency to the European GNSS Supervisory Authority;
10. RECALLS the Transport, Telecommunications and Energy Council Conclusions of June 2003 regarding the integration of EGNOS into the Galileo programme; and ENCOURAGES the European GNSS Supervisory Authority to conclude with all concerned parties as soon as possible the agreement mentioned in Regulation (EC) No 1321/2004 (Article 3, paragraph 3.);
11. RECOGNISES the crucial role played in the conception and the development of the European GNSS programmes and the technical know-how possessed by the European Space Agency (ESA); and UNDERLINES the need to continue to co-operate with ESA, in particular as regards technical and scientific matters, also during the next stages of the development of the programme;
12. UNDERLINES the importance of an effective governance framework in which the interactions between the policy definition, the policy oversight, the financial and the technical management and all associated responsibilities of the programme are clear and efficient, taking into account also the need of ensuring the safety and the security of the system; and ASKS the Commission, in view of the experience gained, to examine in detail and report consequently on the effectiveness and suitability of the governance framework which has been established to manage all the tasks stemming from the GALILEO programme, particularly as regards the appropriate management of Galileo missions definition and specifications including their implementation and the effective implementation of measures relating to the safety and security of the system in accordance with the Council Decisions and in the light of the European Union's international commitments as well as its forthcoming contractual relations with the concession holder;

13. UNDERLINES the importance of promoting the European satellite radionavigation system in order to achieve commercial success, particularly by research activities; RECOGNISES that the largest proportion of the economic benefits of GALILEO comes primarily from the downstream applications; ASKS the Commission to ensure that a fair public procurement policy for GALILEO will create a level playing field in which all Member States have access to the economic benefits of Galileo; and WELCOMES the Commission's intention to publish a Green Paper on GALILEO applications before the end of 2006;
14. INVITES the Commission, in consultation with the European GNSS Supervisory Authority and the Council bodies competent in security matters, to draw up, taking account of the input from the Galileo Security Board, a control regime for transfer of sensitive GALILEO-specific items and technology and intellectual property rights to third parties as soon as possible; this control regime shall be in line with the existing export control and non-proliferation mechanisms in the European Union Member States preventing transfer of sensitive items and technology;
15. RECOGNISES the importance of international cooperation for the success of the programme; and INTENDS on the basis of the information provided by the Commission to define the modalities for such cooperation at the session of the Transport, Telecommunications and Energy Council in December 2006."

– *d) Concession contract negotiations*

The Council took note of the information provided by the Commission on progress on the ongoing negotiations for the Galileo concession contract, led by the Galileo Joint Undertaking.

The Council asked to be kept regularly informed on the state of play of the negotiation of the concession contract and specifically as regards the sharing of risks between the public and private sector, and the financial implications.

The negotiations with the eight-member consortium started following submission of a joint tender on 20 June and 21 October 2005. An initial round of negotiations resulted, on 17 February 2006, in an agreement on the principles to be followed during the remainder of the procedure.

An agreement on the concession contract is scheduled to be reached by the end of this year and the Commission will inform the Council and the European Parliament of the outcome of the negotiations and will provide them with a summary demonstrating the sharing of risks between the private and public sector and the distribution of the main rights and obligations between the two sectors.

– *e) Relations with third countries*

The Council took note of the information provided by the Commission on the state of play in relations with third countries, specifically as regards their participation in the European GNSS Supervisory Authority.

The Commission informed the Council that it intended to submit a proposal for a horizontal mandate defining the modalities for third countries' participation in the programme.

AVIATION

Common rules in the field of civil aviation security

The Council reached political agreement on a proposal for a Regulation on common rules in the field of civil aviation security (*doc. 13599/06*).

The text as agreed will be formally adopted as a common position at a forthcoming Council meeting and sent to the European Parliament in order to reach a swift agreement at second reading.

The proposal seeks to replace Regulation (EC) No 2320/2002 on common rules in the field of civil aviation security¹, adopted in the wake of the terrorist attacks of 11 September 2001 and in force since January 2003. The Commission submitted a proposal for its revision in September 2005 (*doc. 12588/05*). The European Parliament adopted its first opinion in June 2006 (*doc. 10377/06+COR1*).

The new Regulation aims at clarifying, simplifying and further harmonising the legal requirements with the objective of enhancing security in civil aviation. It lays down common rules for safeguarding civil aviation against acts of unlawful interference. It also provides the basis for a common interpretation of Annex 17 to the 1944 Chicago Convention on International Civil Aviation. The new Regulation addresses the issue of in-flight security measures. In addition, it sets rules for situations where a third country wishes to apply security measures to flights from Community airports different from those laid down by Community legislation.

The draft Regulation as agreed by the Council takes into account the new Decision amending the comitology rules² as well as the agreement reached between Spain and the United Kingdom on the Gibraltar issue in Cordoba on 18 September 2006.

In view of security incidents in the United Kingdom in August 2006, the Council intends to reach a rapid agreement with the European Parliament on the proposal. In this context, the issue of financing the security measures would in particular need to be studied more carefully in order to satisfy the concerns of all parties.

¹ OJ L 355, 30.12.2002, p. 1.

² Council Decision of 17 July 2006 amending Decision 1999/468/EC laying down the procedures for the exercise of implementing powers conferred on the Commission (OJ L 200, 22.7.2006, p.11).

External Relations

– *EU-US negotiations for an air transport agreement*

The Council was informed by Vice-President Barrot of the latest state of play regarding the negotiations on the Air Transport Agreement with the US, following a delay in the adoption of the rules on control of US airlines.

The Council referred to the results of the EU-US Transatlantic Summit in Vienna on 21 June 2006, after the last meeting of the Transport Council on 9 June, where EU and US leaders agreed to redouble their efforts to conclude a first-stage Air Transport Agreement by the end of 2006.

The Council underlined the importance it attached to the conclusion of an historic EU-US air transport agreement. It reaffirmed its unanimous satisfaction with the text of the draft agreement negotiated in November 2005 but regretted the further delay in the US reform on control of U.S. air carriers, which it considered an essential element before proceeding with the agreement. The results must be absolutely clear, meaningful and robust.

Several delegations expressed particular concerns regarding the implications of this delay and that the existing agreements do not ensure a level playing field.

The Council requested the Commission to continue its efforts, on the basis of further contacts with the United States, to secure a satisfactory and balanced outcome with the necessary safeguards, including the transitional provisions, in preparation for the December Council and in accordance with the EU-US Summit conclusions.

– *Siberian overflights*

The Council took note of the information provided by the Commission and of the interventions of ministers concerning the latest state of play in the EU-Russia negotiation on Siberian overflight payments. The Council referred to its conclusions of 27 March 2006 and stressed the importance of reaching an agreement as soon as possible. The Council still hopes to find a final solution at the EU-Russia Summit, which will take place in Helsinki on 24 November.

The Council adopted at its meeting on 27 March 2006 a decision authorising the Commission to negotiate with Russia in order to resolve the issue. Since then, two negotiating rounds have taken place in Moscow in April and one in Brussels in June. The issue of Siberian overflights was also discussed on the occasion of the first EU-Russia Permanent Partnership Council on transport, which took place in Lappeenranta on 8 September 2006. A technical meeting between the parties took place in Saint Petersburg on 2 October. In those negotiations some progress has been made, but a number of points have still to be resolved.

OTHER BUSINESS**– *EU-Russia Permanent Partnership Council on transport***

The Council took note of information provided by the Presidency on the results of the first EU-Russia Permanent Partnership Council on transport, which took place in Lappeenranta on 8 September 2006. The main objective of the meeting was the establishment of a dialogue between the EU and Russia with a view to further reinforcing their political and economic cooperation and to further developing the transport dialogue (*doc. 13015/06*).

– *EU ministerial conference on road safety*

The Council took note of information provided by the Italian delegation on preparations for the forthcoming EU ministerial conference on road safety, which will take place in Verona on 3 and 4 November 2006 (*doc. 13673/06*). The Verona IV conference, entitled "*Innovative Approaches to Road Safety*", will deal with child road safety, safety of two-wheel vehicles and innovations in road safety technology.

OTHER ITEMS APPROVED

TRANSPORT

Transport Protocol to the Alpine Convention

The Council adopted a decision approving the signature, on behalf of the European Community, of the Transport Protocol to the Alpine Convention.

The Alpine Convention¹ is a framework agreement for the protection and sustainable development of the Alpine region and aims at preserving and protecting the Alps by applying the principles of prevention, "polluter-pays" and cooperation among its members. The contracting parties to the Convention are Austria, France, Germany, Italy, Liechtenstein, Monaco, Slovenia, Switzerland and the European Union.

In order to meet these objectives, the parties to the Convention act in the areas of regional planning, the conservation of nature and the countryside, mountain farming, mountain forests, soil conservation, tourism and recreation, energy, transport, prevention of air pollution, water management, population and culture and waste management. The Convention provides for the drawing up and adoption of application protocols for each of these areas as well as for resolving disputes between the parties.

The contracting parties to the Alpine Convention adopted the Transport Protocol by consensus in 2000. Among its objectives are:

- the reduction of the volume and of dangers posed by intra-Alpine and trans-Alpine traffic, in particular by transferring more traffic, especially freight traffic, to the railways, especially by providing appropriate infrastructure and incentives in compliance with market principles;
- ensuring intra-Alpine and trans-Alpine traffic at economically sustainable costs by increasing the effectiveness of the transport systems and promoting the modes of transport which are most environmentally-friendly and most economic in terms of natural resources, and ensuring fair competition between modes of transport.

¹ OJ L 061, 12.3.1996, p. 32-36.

Marco Polo II

The Council adopted a Regulation establishing the second Marco Polo programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (*PE-CONS 3620/06*).

The Marco Polo II programme covers the period 2007-2013 and amounts to an expanded version of the first programme.¹ As compared to the first programme, its geographical coverage is broader and it proposes two new types of action: motorways of the sea and traffic avoidance actions.

The programme is aimed at enhancing intermodality, reducing road congestion and improving the environmental performance of the freight transport system within the EU.

To achieve this objective, the programme will support actions in the freight transport, logistics and other relevant markets, taking into account the needs of small and medium-sized enterprises. It will help to shift at least the expected aggregate increase in international road freight traffic, measured in tonne-kilometres, to short sea shipping, rail and inland waterway transport or to a combination of modes of transport in which road journeys are as short as possible.

The five types of actions eligible for financing under the Marco Polo II programme are the following: catalyst actions, motorways of the sea actions, modal shift actions, traffic avoidance actions and common learning actions.

The general level of contract value and traffic shift thresholds are set at EUR 2 million per catalyst action, at EUR 2,5 million for motorways of the sea action, at EUR 0,5 million for modal shift action, at EUR 1 million for traffic avoidance actions and EUR 250 000 for common learning actions.

The financial envelope allocated to the programme is set at EUR 400 million (at 2004 prices).

The Regulation repeals Regulation (EC) No 1382/2003 establishing the first Marco Polo programme.

¹ The first Marco Polo programme covers the period 2003-2006 and has a budget of EUR 75 million (Regulation No 1382/2003, OJ L 196, 2 August 2003).

TRADE POLICY

Anti-dumping - China, Hong Kong and Taiwan - Recordable digital versatile discs

The Council agreed on a draft Commission Decision terminating the anti-dumping proceeding concerning imports of recordable digital versatile discs (DVD+/-R) originating in China, Hong Kong and Taiwan.

EU-Canada agreement on wines and spirits

The Council adopted a decision on the Community position concerning the rules of procedure of the Joint Committee established under Article 27 of the agreement between the European Community and Canada on trade in wines and spirits (*doc. 12963/06*).

COMPETITIVENESS

Competitiveness and innovation programme for 2007-2013 *

The Council adopted a decision establishing a competitiveness and innovation framework programme for the years 2007 to 2013, accepting all amendments voted by the European Parliament at first reading, under the Council-Parliament codecision procedure (*PE-CONS 3622/06 + doc. 13203/2/06 ADD1 and ADD2*).

The programme, with a budget of € 3.2 billion¹ for the seven-year period, is aimed at: fostering the competitiveness of enterprises, in particular small and medium-sized enterprises; promoting all forms of innovation; accelerating the development of a sustainable, competitive and innovative information society; and promoting energy efficiency and new and renewable energy sources in all sectors.

See also press release doc. 13855/06.

¹ In 2004 prices. The figure at current prices amounts to €EUR 3.6 billion.

AGRICULTURE

Import quotas of high quality beef

The Council adopted a Regulation on the modification of the definition for certain import quotas of high quality beef from Argentina, Brazil and Uruguay (*doc. 13096/06*).

The objective of the Regulation is to adapt the definitions for certain import quotas of high quality beef in order to make them more easily auditable and verifiable. The measure is being taken in order to minimise the risk of non-compliance and it does not change the basic import conditions.

HEALTH

Addition of vitamins and minerals to foods*

The Council adopted, by qualified majority¹, a Regulation on the addition of vitamins and minerals and of certain other substances to foods, approving all of the amendments passed by the European Parliament at second reading (*PE-CONS 3617/06, doc. 12223/06 ADD1*).

The Regulation is aimed at ensuring the effective functioning of the internal market as regards the addition of vitamins and minerals and certain other substances to foods whilst providing a high level of consumer protection.

Nutrition and health claims made on foods*

The Council adopted, by qualified majority², a Regulation on nutrition and health claims made on foods, approving all of the amendments passed by the European Parliament at second reading (*PE-CONS 3616/5/06, doc. 12224/06 ADD1*).

The Regulation is aimed at ensuring the effective functioning of the internal market as regards nutrition and health claims whilst providing a high level of consumer protection.

¹ The Danish delegation voted against.

² The Danish and Swedish delegations voted against and the Irish and Netherlands delegations abstained.