



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

8854/92 (Presse 165)

1604th Council meeting

ECONOMIC AND FINANCIAL QUESTIONS

Brussels, 28 September 1992

President: Mr Norman LAMONT
Chancellor of the Exchequer,
United Kingdom

Netherlands:

Mr Wim KOK

Minister for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO

Minister for Finance

Mr José BRAZ

State Secretary

United Kingdom:

Mr Norman LAMONT

Chancellor of the Exchequer

Sir John COPE

Paymaster General

o

o

o

Commission:

Mr Jacques DELORS

President

Mr Henning CHRISTOPHERSEN

Vice-President

Mr Peter SCHMIDHUBER

Member

The following also participated:

Mr Erik HOFFMEYER

Chairman of the Committee of
Governors of the Central Banks
Chairman of the Monetary
Committee

Mr Jean-Claude TRICHET

Chairman of the Economic
Policy Committee

Mr José Juan RUIZ

EUROPEAN MONETARY SYSTEM - COUNCIL CONCLUSIONS

1. Ministers welcomed the return of calm to the financial markets within the European Monetary System following the joint action of France and Germany.
2. A useful discussion took place which enabled the Presidency to take soundings in preparation for the Special European Council to be held in Birmingham on 16 October. In that context, ministers noted the Presidency's intention that the European Council should discuss the Maastricht ratification process and they recalled the declaration of the General Affairs Council in New York on 21 September which attached high priority to a speedy and successful conclusion of the process, without reopening the present text, on the date laid down in Article R of the Treaty. Everyone present emphasized their opposition to the concept of a two-speed Europe and reiterated that the object of the Community was to proceed together, in accordance with the fulfilment of the convergence criteria as formulated in the Maastricht Treaty.
3. There was agreement that recent financial turbulence calls for reflection and analysis in the light of developments in capital markets and in the European and World Monetary Systems. The Birmingham Council provides an occasion for indicating how this work might be carried forward.
4. There was general agreement too that the key to economic and financial stability in the Member States is to reinforce the convergence process among the European economies through strict adherence to convergence programmes, on which good progress is already being made. They reiterated their commitment to the European Monetary System as a key factor of economic stability and prosperity in Europe.

DELORS II PACKAGE

The Council held a detailed discussion on the basis of a Presidency note setting out the main questions arising from Coreper's examination of the Delors II Package and of a more comprehensive report on those proceedings.

The discussion enabled delegations to indicate those aspects of the package to which they attached the greatest importance and to state their positions on the priorities for Community expenditure and on the various aspects of the future structure of own resources.

The Council noted that the Delors II Package is also to be discussed by the General Affairs Council on 5 and 6 October.

The Presidency stated that it would take the necessary steps to ensure adequate preparation of this dossier for the Edinburgh European Council.

FRAUD AGAINST THE COMMUNITY BUDGET

The Council reaffirmed the importance of combating irregularity and fraud against the Community budget and recalled the requirement for Member States to take the same measures to counter fraud affecting the financial interests of the Community as they take to counter fraud affecting their own financial interests.

In support of that assertion the Council adopted two sets of conclusions, set out in the Annex hereto, one being a general text

on the fight against fraud, and the other based on the annual report on fraud submitted by the Commission.

The Council also decided that an ad hoc high-level Working Party should be set up to study a number of specific issues and to report to it at its November meeting.

FINANCIAL ASSISTANCE FOR BULGARIA

The Council reached broad agreement on granting additional medium-term financial assistance to Bulgaria. However, before final adoption the Council instructed Coreper to examine one specific aspect associated with the implementation of such financial aid.

TAX ON CO2 EMISSIONS AND ENERGY - PROGRESS REPORT

The Council took note of a Presidency note taking stock of the ad hoc Working Party's progress regarding the introduction of a tax on CO2 emissions and on energy.

It instructed the Permanent Representatives Committee and the ad hoc Working Party to continue that work with a view to a more substantive discussion scheduled for the meeting on 14 December 1992.

ANNEX I

Council conclusions on the
fight against fraud

1. The Council reaffirms the importance of the fight against irregularity and fraud against the Community budget and recalls the requirement for Member States to take the same measures to counter fraud affecting the financial interests of the Community as they take to counter fraud affecting their own financial interests. The Council considers that effective action against irregularity and fraud requires:
 - co-operation among Member States and between Member States and the Commission;
 - effective co-ordination by the Commission in the light of its responsibilities for implementing the budget and ensuring that Community legislation is properly applied;
 - and adequate provisions in Community and, where appropriate, national measures, to safeguard Community expenditures and revenue.
2. The Council considered the progress which has been made in the fight against fraud, as described in the Commission's third annual report. The Council's conclusions are set out in Annex II.
3. The Council considers it essential that provisions should be in place for all Community activities with budgetary implications to ensure effective control against irregularity, including fraud, and asks the Commission to take this into account when bringing

forward proposals for new legislation. It notes the progress which has been made in this respect in the agricultural sector, including the Commission's proposals for an integrated administration and control system and would like to see comparable progress in other sectors.

4. The Council considers that the Court of Auditors interim report on export refunds raises important issues and notes that the Court will be producing further relevant reports. The Council notes that there will be further detailed consideration of the main issues especially those of a more general nature, raised in this report. It considers that such an examination should include whether a new unit should be set up, as proposed by the Court, or whether the problems identified in auditing multinational companies should be addressed by improved mutual assistance and co-operation between Member States and the Commission, or by some other means.
5. The Council notes that there is also a series of actions which are being undertaken, including within the framework of established intergovernmental co-operation, which will contribute to the protection of the Community budget. The Council welcomes the progress which is being made, including in setting up a new customs information system which will play an important part in the fight against fraud against the Community budget.
6. The Council considers that the fight against irregularity and fraud is of central importance in ensuring the sound financial management of the Community budget. It agrees that an ad hoc high-level Working Party should be established and, in order to inform discussion of fraud and financial management at the Council's November session, should report back on the following issues:

- the steps needed in order to comply with the requirements on anti-fraud action embodied in the new Treaty;
 - the scope for improving levels of identification, reporting and recovery by Member States including the question of motivation;
 - further consideration of the Court of Auditors interim report on export refunds, including examination of the Court's recommendation for a new unit and of possible alternatives to such a unit;
 - appropriate arrangements for contacts between Council, Commission and European Parliament to establish the Community's priorities for the annual work programme on fraud;
 - action needed on other priorities identified in the Council's conclusions on the Commission's annual report, including effective ways of ensuring equivalent level of control throughout the Community.
7. The Council also asks the Commission to bring forward, within the same timetable, an assessment of organization of its anti-fraud activities.

ANNEX II

Council Conclusions
on the annual report on fraud

The Council takes note of the Commission's report on the fight against fraud in 1991 and welcomes the evidence it provides of continuing efforts with regard to investigations and financial audits carried out and progress achieved in the work programme.

It has also noted with satisfaction the progress achieved in investigations and financial audits and the results thereof. It offers every support for the continuation of the Commission's efforts in this area, particularly in co-operation with the Member States.

In the light of the 1991 objectives set out in the Council statement of 8 July 1991, the Council notes with satisfaction the progress achieved towards the simplification of agricultural legislation, the continuance of co-operation efforts with the Member States and with third countries, and the first steps with regard to the inclusion in the statements attached to legislative proposals of information on the prevention of fraud. The Council also welcomes the establishment of a common position on the customs code, dated 14 May 1992, and anticipates its rapid adoption.

As priorities for future action, it believes that:

- renewed efforts are necessary in order to simplify the nomenclature with regard to export refunds;
- discussion on simplification of agricultural legislation - up to now conducted by the Lachaux Group - should be pursued on the

basis of a global action programme to study the key CAP arrangements;

- the ex ante examination of the anti-fraud aspects of legislative proposals should be improved. It welcomes the Commission's intention of circulating internal directives on the drawing up of financial statements on the prevention of fraud so as to improve their quality and standardize them, establishing internal procedures for such ex ante examination, and ensuring that these directives are properly implemented;
- the principle of targeting on the basis of risk should be extended. Before the end of 1993, the Commission should take appropriate steps for the introduction of the principle of targeting on the basis of risk in all control sectors taking account of the costs, and should study together with the Member States the best means of implementing this principle;
- the possibility should be considered of holding seminars on fraud, relating in particular to the possibilities opened up by new technologies, and organizing exchanges for national intervention agents and persons responsible for the internal administration of the CAP, on the model of the programmes in other sectors;
- the Commission, in co-operation with the Member States, should study the question of incentives in the context of the fight against fraud;
- a Regulation providing for notification of cases of fraud in the area of the Structural Funds should replace the code of conduct. It notes with satisfaction the Commission's intention to submit a proposal along these lines as soon as possible.

Noting the indirect link between the procedure of clearing of accounts and the fight against irregularities and fraud, the Council welcomes the initiatives taken by the Commission with a view to

improving this procedure and anticipates a rapid information on the results of this initiative. The Council considers that this should be examined as quickly as possible, with a view to rationalizing the procedure and in particular reducing the examination period for national accounts.

The Council also welcomes the fact that the Commission is intending to revise the present structure of the report to make it easier to identify progress achieved in the priority sectors during the previous year, while laying emphasis on the Commission's objectives, priorities and strategy, providing up-to-date information on progress achieved, the powers and responsibilities of UCLAF and the work programme, and endeavouring to draw lessons from past experience for future action.

The 45-point work programme is the basic document available to the Community for assessing progress made against fraud. The Council welcomes the Commission's commitment to giving high priority to developing the programme, which will include the setting of precise goals and target dates, and will become a rolling action programme.

The programme will be revised and updated annually and published together with the annual report at the latest on 31 March of each year with a view to its being examined by the Council by the end of June. The report will also be sent to the Court of Auditors for any comments it may have.

The Council joins in the conclusion reached by the Commission that much remains to be done to further improve the effectiveness of the fight against fraud; it exhorts the Commission to pursue its task with diligence and in close co-operation with the Member States. It will carefully examine the work accomplished in this area and will weigh progress achieved against the goals set.

MISCELLANEOUS DECISIONS

Financial assistance to the Baltic States - Council conclusions

The Council gave favourable consideration to the Baltic States' request for balance of payment assistance in support of IMF programmes.

It called upon the Monetary Committee to examine as a matter of urgency the Commission proposal on the granting of a loan of ECU 220 million to those countries. The Council will take a decision once the European Parliament has issued its Opinion, and it called upon the latter to do so as soon as possible.

Financial assistance for Albania

The Council adopted the Decision providing financial assistance to Albania to a maximum of ECU 70 million in the form of a grant in order to help support the balance of payments and strengthen that country's reserves.

The assistance in question will be made available to Albania in two instalments, and the first instalment of 35 million will be released as soon as a "stand-by arrangement" has been concluded between Albania and the IMF. The second instalment will be paid in the second half of 1993 at the earliest.

Relations with the Republic of Slovenia

The Council adopted the Decision authorizing the Commission to open negotiations on a Financial Protocol between the Republic of Slovenia and the European Economic Community.

Fisheries

The Council adopted a Regulation relating to the conclusion of the Protocol setting out the fishing opportunities and financial contribution provided for in the fisheries Agreement between the Community and the Islamic Federal Republic of the Comoros for the period from 20 July 1991 to 19 July 1994.

The Protocol provides in particular for the granting of licences authorizing simultaneous fishing in Comorian waters by forty-two Community freezer tuna vessels.

The Community's financial contribution for the duration of the Protocol is set at ECU 900 000, covering an annual catch of 6 000 tonnes.

Anti-dumping

The Council adopted the Council Regulations:

- extending, for a period not exceeding two months, the provisional anti-dumping duty on imports into the Community of large electrolytic capacitors originating in Japan;
- modifying the definitive anti-dumping duty on imports of ball bearings with a greatest external diameter exceeding 30 mm originating in Japan imposed by Regulation (EEC) No 1739/85.

The modified anti-dumping duty is set at 13,7% except for the products of the following companies: Inoue Jikiike Kogyo Co. Ltd, Osaka (6,5%), Nachi Fujikoshi Corp., Tokyo (7,7%),

Nippon Seiko Co. Ltd, Tokyo (6,5%), NTN Corporation Osaka
(formerly NTN Tokyo Bearing Co. Ltd) (11,6%).

There is no anti-dumping duty on ball bearings manufactured by:
Fujino Iron Works Co. Ltd, Osaka, Izumoto Seiko Co. Ltd, Osaka,
Matsuo Bearing Co. Ltd, Osaka, Nankai Seiko Co. Ltd, Osaka,
Sapporo Precision Inc., Sapporo, Wada Seiko Co. Ltd, Osaka.

Relations with the ACP States

The Council approved, for the Community's part, the draft Decision of the ACP-EEC Council of Ministers laying down the Staff Regulations of the Centre for the Development of Industry under the Fourth ACP-EEC Convention.

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BRUXELLES, LE 28 SEPTEMBRE 1992

NOTE BIO(92) 236 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

RENDEZ-VOUS DU MIDI DU 28 SEPTEMBRE 1992 (T. KROYER)

CONSEIL ECO/FIN

AIDE FINANCIERE

NOUS AVONS SIGNALÉ DEUX DÉCISIONS DU CONSEIL ECO/FIN.

L'ALBANIE

LE CONSEIL A DÉCIDÉ D'OCTROYER UNE ASSISTANCE FINANCIÈRE NON-REMBOURSABLE DE 70 MIO D'ECUS POUR SOUTENIR LA BALANCE DE PAIEMENT ET RENFORCER LES RÉSERVES DU PAYS. L'ASSISTANCE SERA DISPONIBLE EN DEUX TRANCHE. LA PREMIÈRE TRANCHE APRÈS QU'UN ACCORD SOIT CONCLU ENTRE LA FMI ET L'ALBANIE. LA DEUXIÈME TRANCHE SERA DISPONIBLE EN 1993 À CONDITION QUE CET ACCORD SOIT RESPECTÉ.

LES PAYS BALTES

LE CONSEIL A FAVORABLEMENT ACCUEILLI UNE DEMANDE D'AIDE FINANCIÈRE DE 220 MIO D'ECUS DES PAYS BALTES. LA PROPOSITION DE LA COMMISSION SERA EXAMINÉE PAR LE COMITÉ MONÉTAIRE ET LE PARLEMENT EUROPÉEN AVANT QU'UNE DÉCISION DÉFINITIVE PUISSE ÊTRE PRISE.

MATÉRIEL DIFFUSÉ :

IP 157 NEGOCIATIONS POUR LA CONCLUSION D'UN ACCORD EUROPÉEN

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LT LA BULGARIE

IP 758 - DECLARATION DE M. VAN MIERT SUR LE RESULTAT DU
REFERENDUM SUR

LES NOUVELLES LIGNES FERROVIAIRES EN SUISSE

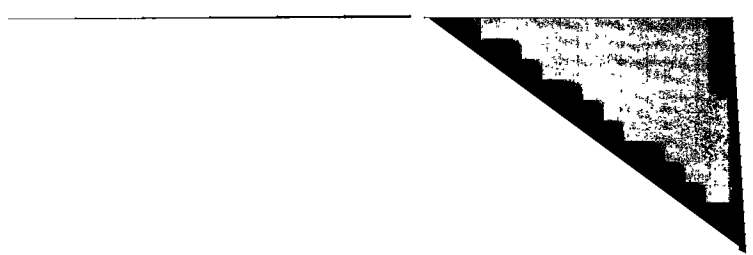
IP 61 - POLITIQUES REGIONALES : PROGRAMME POUR LA RECONVERSION
ET 162 INDUSTRIELLE EN BASSE SAXE ET AU LUXEMBOURG.

AMIEES,

B DE THOMAS

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BRUXELLES, LE 29 SEPTEMBRE 1992

NOTE BIO(92) 236 (SUITE 1) AUX BUREAUX NATIONAUX
 CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

 CONSEIL ECO/FIN DU 28 SEPTEMBRE 1992 (T. KROYER)

AFTER YESTERDAY'S MEETING OF THE ECO/FIN COUNCIL THE BRITISH
 PRESIDENT OF THE COUNCIL, CHANCELLOR NORMAN LAMONT AND VICE-
 PRESIDENT HENNING CHRISTOPHERSEN GAVE A JOINT PRESS CONFERENCE.

PREPARATION OF THE BIRMINGHAM SUMMIT, OCTOBER 16

THE CHANCELLOR INFORMED THE JOURNALISTS OF THE FOLLOWING COUNCIL
 CONCLUSIONS.

'1. MINISTERS WELCOMED THE RETURN OF CALM TO THE FINANCIAL
 MARKETS WITHIN THE EUROPEAN MONETARY SYSTEM FOLLOWING THE JOINT
 ACTION OF FRANCE AND GERMANY.

2. THEY HAD A USEFUL DISCUSSION TO INFORM THE PRESIDENCY IN ITS
 PREPARATIONS FOR THE SPECIAL EUROPEAN COUNCIL IN BIRMINGHAM ON 16
 OCTOBER. IN THAT CONTEXT THEY NOTED THE PRESIDENCY'S INTENTION

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THAT THE EUROPEAN COUNCIL SHOULD DISCUSS THE MAASTRICHT RATIFICATION PROCESS AND THEY RECALLED THE DECLARATION OF THE GENERAL AFFAIRS COUNCIL IN NEW YORK ON 21 SEPTEMBER WHICH ATTACHED HIGH PRIORITY TO A SPEEDY AND SUCCESSFUL CONCLUSION OF THE PROCESS, WITHOUT REOPENING THE PRESENT TEXT, ON THE TIMING FORESEEN IN ARTICLE R OF THE TREATY. EVERYONE PRESENT EMPHASISED THEIR OPPOSITION TO THE CONCEPT OF A TWO SPEED EUROPE AND REITERATED THAT THE OBJECT OF THE COMMUNITY WAS TO PROCEED TOGETHER, IN ACCORDANCE WITH THE FULFILMENT OF THE CONVERGENCE CRITERIA AS FORMULATED IN THE MAASTRICHT TREATY.

3. THERE WAS AGREEMENT THAT RECENT FINANCIAL TURBULENCE CALLS FOR REFLECTION AND ANALYSIS IN THE LIGHT OF DEVELOPMENTS IN CAPITAL MARKETS AND IN THE EUROPEAN AND WORLD MONETARY SYSTEMS. THE BIRMINGHAM COUNCIL PROVIDES AN OCCASION FOR INDICATING HOW THIS WORK MIGHT BE CARRIED FORWARD.

4. THERE WAS GENERAL AGREEMENT TOO THAT THE KEY TO ECONOMIC AND FINANCIAL STABILITY IN THE MEMBER STATES IS TO REINFORCE THE CONVERGENCE PROCESS AMONG THE EUROPEAN ECONOMIES THROUGH STRICT ADHERENCE TO CONVERGENCE PROGRAMMES, ON WHICH GOOD PROGRESS IS ALREADY BEING MADE. THEY REITERATED THEIR COMMITMENT TO THE EUROPEAN MONETARY SYSTEM AS A KEY FACTOR OF ECONOMIC STABILITY AND PROSPERITY IN EUROPE.'

THE CHANCELLOR ADDED THAT THE BIRMINGHAM SUMMIT WOULD NOT TAKE DECISIONS IN THE MONETARY FIELD WITH MARKET CONSEQUENCES.

VICE-PRESIDENT CHRISTOPHERSEN SAID THAT THE EMS HAS BEEN DEVELOPED AND WORKED WELL DURING 13 YEARS. HE STRESSED, HOWEVER, THAT THE SYSTEM CANNOT FUNCTION WITHOUT FRICTIONS AS LONG AS THE MEMBER STATES CONDUCT DIFFERENT MACROECONOMIC POLICIES. THEREFORE WE MUST IMPROVE OUR CONVERGENCE PERFORMANCE. IN THAT REGARD HE SAID THAT THE IMPRESSIVE ITALIAN FISCAL PACKAGE

IS A POSITIVE SIGNAL, AS WELL AS PRESENT STEPS TAKEN BY SPAIN AND GREECE. THE VICE-PRESIDENT SAID THAT APART FROM DEALING WITH ECONOMIC FUNDAMENTALS IT WOULD ALSO BE REASONABLE TO REFLECT

- 2 -

AND ANALYSE HOW THE EXCHANGE RATE MECHANISM TECHNICALLY WORKS. THAT DOES NOT NECESSARILY MEAN THAT THE PRINCIPLES ARE WRONG, HE SAID. HE ADDED THAT IT WOULD NOT BE FOR THE BIRMINGHAM SUMMIT TO TAKE CONCRETE DECISIONS.

BOTH THE CHANCELLOR AND THE VICE-PRESIDENT EMPHASISED THEIR OPPOSITION TO A TWO SPEED EUROPE MAKING REFERENCE TO THE CLEAR CONCLUSIONS OF THE COUNCIL.
REGARDS,

B. DETHOMAS

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