



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

10088/92 (Presse 216)

1621st Council meeting

ECONOMIC AND FINANCIAL QUESTIONS

Brussels, 23 November 1992

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

10088/92 (Presse 216 - G)

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

Belgium:

Mr Philippe MAYSTADT Minister for Finance

Denmark:

Mr Thor PEDERSEN Minister for Economic Affairs

Germany:

Mr Johann EEKHOFF State Secretary for Economic Affairs

Mr Horst KÖHLER State Secretary for Finance

Mr Franz-Christoph ZEITLER State Secretary for Finance

Greece:

Mr Stefano MANOS Minister for Economic Affairs

Spain:

Mr Carlos SOLCHAGA Minister for Economic Affairs and Finance

Mr Pedro PEREZ State Secretary for Economic Affairs and Finance

France:

Mr Michel SAPIN Minister for Economic and Financial Affairs

Mr Martin MALVY Minister for the Budget

Ireland:

Mr Pádraic MACKERNAN Ambassador, Permanent Representative

Italy:

Mr Piero BARUCCI Minister for the Treasury

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance

Netherlands:

Mr Wim KOK Minister for Finance

Mr Marius VAN AMELSVOORT State Secretary for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO Minister for Finance

Mr José BRAZ State Secretary for the Treasury

United Kingdom:

Mr Norman LAMONT Chancellor of the Exchequer

Sir John COPE Paymaster General

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Commission:

Mr Jacques DELORS President

Sir Leon BRITTAN Vice-President

Mr Henning CHRISTOPHERSEN Vice-President

Mr Peter SCHMIDHUBER Member

Mrs Christiane SCRIVENER Member

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The following also attended:

Mr Jean-Claude TRICHET Chairman of the Monetary Committee

Mr José Juan RUIZ Chairman of the Economic Policy Committee

BELGIAN CONVERGENCE PROGRAMME - COUNCIL CONCLUSIONS

On 23 November the Council carried out an examination of the Belgian programme of economic convergence for the period 1992-1996. The Council heard at its meeting a statement from the Belgian government expressing its commitment to strengthen further the action to implement the process of convergence. Having taken into account this further commitment, the Council expressed its positive appreciation of the programme and the commitment to the process of convergence.

The Council expressed satisfaction that the economic policies followed by Belgium had led to a commendable record in the areas of price and monetary stability, putting Belgium in a position to reach most of the convergence criteria in the Treaty of Maastricht. Against this background, the Council expressed the view that taking account of a public sector debt ratio of almost 125% of GDP and a deficit well above 3% of GDP, fiscal consolidation was the key requirement in the conduct of economic policy.

The Council welcomed the multiannual measures that have been taken by the government in order to reach these objectives. It took note with satisfaction of the commitment of the Belgian authorities not, in any way, to put into question these measures or the three basic norms of the convergence programme (zero growth of expenditure in volume, evolution of revenues parallel to that of GNP and financial equilibrium of the social security), even if some budgetary room for manoeuvre was generated by an easing of interest rates compared to the level assumed in the convergence programme.

The Council believes, however, that it will be necessary to continue to bear down vigorously on public debt levels for some time to come beyond the end of the period covered by the convergence programme, and that the government should take every opportunity to make maximum progress in reducing the debt burden. For that reason, and without prejudice to the criteria set out in the Maastricht Treaty, the Council expressed satisfaction that the Belgian authorities intend to stabilise the primary budget surplus beyond 1996 at the level prescribed for that year in the convergence programme.

Moreover, the Council stressed the important role of the authorities at the level of communities and regions in the implementation of the budgetary objectives of the convergence programme. It expressed satisfaction at the agreement reached between the State, the communities and the regions on these objectives. It invited the Belgian authorities to use all means to guarantee the efficiency of that co-operation.

In the light of this first discussion, the Council invited the Commission to follow the implementation of the programme in close co-operation with the Monetary Committee and to report to it at regular intervals, at least once a year.

DELORS II PACKAGE

The Council continued its discussions on the Delors II package on the basis of a Presidency note. This note, drawn up after COREPER had discussed issue by issue the new proposals made by President Delors, put a number of questions to the ECO/FIN Council for further guidance, concerning in particular:

- the duration of the financial perspectives - seven years instead of five?
- the own resources ceiling - maintenance of the current own resources ceiling for at least another two years and increase of the ceilings for subsequent years, i.e. increase to 1.32 % of Community GNP in 1999?
- changes to the system of own resources?
- the correction of budgetary imbalances: options for reducing the value of the UK abatement or maintenance of the present formula?
- the scale and balance of Commission expenditure proposals: as revised by President Delors or other priorities?

A large exchange of views took place on these questions.

The President concluded that the debate had been useful and that the Presidency will consider the positions expressed by the Member States while preparing the "Conclave" meeting with Foreign Affairs and ECO/FIN Ministers scheduled for 27 November in Brussels.

The Council took note of the Presidency's intention to present a compromise proposal in the next few days.

COMMUNITY GROWTH INITIATIVE

Following an exchange of views on suggestions from various Member States and the Commission, the Council took note of the intention of the Presidency to have a full discussion of the European economic developments at the European Council in Edinburgh.

Against the background of increasing and wide spread concern about the growth prospects of the European economy, the Presidency feels it necessary for the European Council to consider what action Member States can take, both individually and at Community level, to hasten recovery and to strengthen growth.

ISSUES RAISED BY THE BCCI CASE

The Council heard a presentation by Vice-President BRITTAN on the lessons to be drawn from the BCCI affair, resulting from studies undertaken by various international committees and from the Bingham Report in the United Kingdom. These studies indicated that as far as the Community's supervisory regime is concerned, the system of home country control and consolidated supervision set up by Community legislation adopted over the last few years, is essentially sound and not in need of major revision. In certain respects, however, supervision might usefully be strengthened and clarified, with particular reference to the following : transparency of group structures, separation of registered office and head office of financial institutions, role of external auditors, widening the possibilities for supervisory authorities to exchange information, deposit guarantee schemes, strengthening of international co-operation between prudential supervisors. The Commission could present the necessary proposals in the course of next year.

The President noted that there was broad acceptance of the Commission's approach. The Council would consider the Commission's specific proposals when these are presented.

INVESTMENT SERVICES IN THE SECURITIES FIELD

Following the partial agreement reached on 29 June 1992 in Luxembourg, the Council completed its discussions on the Directive on investment services in the securities field, reaching overall agreement on the content of the Directive; the Council's common position will be formally adopted once the texts have been finalized.

The Directive will enable an investment firm in any Member State to carry on business throughout the Community on the basis of a single authorization (known as the European passport) issued by its home Member State.

To this end, the Directive, inter alia:

- harmonizes the conditions of authorization and for carrying on business;
- assigns competence for prudential supervision to the control authorities of the home Member State;
- organizes the collaboration between the authorities of the host Member State and of the home Member State in monitoring the compliance of the firm's activities with the standards of the host Member State which apply to it;
- gives investment firms right of access to all regulated markets in the Community, on the understanding that local rules and the operating rules for clearing and settlement must be observed;
- establishes minimum transparency rules to be complied with on regulated markets in order to guarantee investors a sufficient level of protection;
- sets out the principles to which the rules of conduct, to be established by Member States, must respond and which the investment companies must respect in their relations with the investors.

Further harmonization is planned in respect of compensation systems for investors. Pending adoption of that legislation, each investor can be covered by his national system.

The investment services Directive is supplemented by the Directive on capital adequacy, which harmonizes the financial guarantees to be supplied by firms, and on which the Council adopted its common position in June 1992.

The completion of the European financial area has thus broadly been achieved: the Community has already attained the objective of a single authorization and the application of home country control for the banking and insurance sectors. Through the investment services Directive, the same objectives will be achieved in the securities field, bringing benefits for both the economic operator and the investor. The Community citizen will from now on be able to approach not only credit institutions or insurers established in any Community Member State, but also securities brokers in any other Member State, in order to have his instructions carried out on any stock market in the Community.

FIGHT AGAINST FRAUD

As agreed at its session of 28 September, the Council had an exchange of views on the question of fight against fraud and irregularity affecting the Community budget on the basis of a report from the high level group established for that purpose.

Following this exchange of views, the Council agreed on a series of conclusions, in particular it

- reiterated the importance it attaches to the continuing fight against fraud and irregularity in all parts of the Community budget including both revenue and expenditure not only because of the amounts of money involved and the damage cases of fraud do to the reputation of the Community, but also in the light of the anti-fraud provisions in the Maastricht Treaty;
- agreed on the action need for better tackling fraud and irregularity in respect of international companies and multinational transactions;
- welcomed the statement by the Commission about their intention to bring forward proposals as soon as possible to improve the procedures for the clearance of accounts [and call on member states to co-operate accordingly];
- noted the Commission's statement that they will continue to give high priority to developing the 45 point anti-fraud work programme, including the setting of precise goals and target dates;
- agreed that a representative of the Council might discuss informally with representatives of the European Parliament and the Commission each year the anti-fraud priorities for the year ahead;
- underlined the desirability of simplifying the export refund nomenclature and reducing the number of codes taking account as far as possible of the likely economic repercussions;
- endorsed the proposals for the extension of risk targeting;

The Council also took note of the Commission's description of its anti-fraud activities.

Finally, the Council confirmed its intention of examining progress against priorities when considering before the end of June 1993 the Commission's report on the fight against fraud in 1992.

ABOLITION OF FISCAL FRONTIERS**- Simplification of VAT and excise duty arrangements**

In view of the abolition of fiscal frontiers at the end of this year, the Council examined two draft directives concerning simplifications, on the one hand of the VAT transitional arrangements and, on the other hand, of the general arrangements for products subject to excise duty.

The Council concluded that a large consensus has already been reached on the excise duties draft text; as far as the VAT simplification is concerned, it noted that good progress has been made so far. The Council invited Coreper to resolve the outstanding issues, in order to allow the formal adoption of both texts at the earliest possible date before 1 January 1993.

- Special VAT arrangements for secondhand goods, works of art, collectors items and antiques

Following the progress made in the ad hoc group on the seventh VAT Directive, the Council examined the question of VAT treatment with regard to imports of works of art.

It asked Coreper to continue work on this point, as well as on other issues still to be resolved, in order to reach an early conclusion on the directive as a whole.

TRAVEL ALLOWANCES

The Council discussed the level of allowances for travellers from third countries and the limit for intra-Community tax-free sales.

The debate allowed to come closer to a compromise. The Council will come back to this question with a view to taking a final decision at its session of 14 December.

TAXATION OF ROAD TRANSPORT

Following recent work by Transport Ministers, the Council had an in-depth discussion on the two aspects of taxation of heavy goods vehicles: vehicle taxation and tolls and user charges.

The Council achieved substantial progress on vehicle taxation. It will come back to both aspects, in the light of deliberations of Transport Ministers at their meeting of 7/8 December, in order to reach a final conclusion on this file at its session of 14 December.

GUIDELINES ON COMPANY TAXATION LINKED TO THE FURTHER DEVELOPMENT OF THE INTERNAL MARKET - COUNCIL CONCLUSIONS**The Council**

- **agrees with the Commission's assessment of the value of the Ruding Committee's contribution to the debate within the Community and internationally on the part played by company taxation and its impact on cross-frontier financial and investment flows;**
- **takes note of the Commission's endorsement of the Ruding Committee's conclusions that, "given the importance of taxation for Member States' sovereignty and the principle of subsidiarity, Community action on business taxation should be limited to the minimum necessary to ensure that the internal market functions smoothly";**
- **endorses the pragmatic and progressive approach recommended by the Commission of the Committee's findings;**
- **respecting the wider objectives of Community policies and subsidiarity criteria and taking account of the principle that Community action on business taxation should be limited to the minimum necessary to ensure that the internal market functions smoothly, considers that special measures should be proposed only if they:**
 - = take account of the general fiscal environment of the Member States as well as the budgetary constraints;**
 - = recognize that taxation is only one factor amongst others in investment decisions;**
 - = take account of the effect on trade and investment flows not only between the Member States, but also between the Community and the rest of the world;**
 - = take account of the importance of simplicity and administrative practicability;**
 - = take account of the need to combat tax evasion and avoidance;**
 - = follow comprehensive consultations with the Member States and appropriate consultations with other interested parties;**
- **agrees that the above mentioned criteria should be applied to the consideration of whether issues merit action and the level at which identified problems might be resolved, including those measures which are best taken on the basis of voluntary co-operative action;**
- **recognizes the importance of eliminating double taxation of cross-border income flows and consequential distortions, but also recognizes the importance of ensuring adequate and effective**

taxation at least once;

- **endorses the concern expressed by the Commission and the Ruding Committee about the effects of special tax arrangements designed to attract internationally mobile capital and other tax incentives where these tax arrangements of incentives result in loss of revenue to other Member States and unfair competition; believes that consideration is urgently needed of possible remedies to this problem in general and in this context:**
 - = agrees with the Commission's view that there would be problems with the Ruding Committee's proposal for a minimum rate of corporation tax of 30%;**
 - = in relation in particular to Article 92 of the Treaty establishing the European Economic Community, notes the relevance of the strict application of competition rules whilst at the same time recognizing that favourable tax treatment can, under certain circumstances, have a legitimate role to play in particular as one element in a cohesive regional development policy;**

- **accordingly agrees that examination of the issues raised should be continued in the light of these conclusions.**

OTHER DECISIONS IN THE FIELD OF ECONOMY/FINANCE**Financial assistance for Estonia, Latvia and Lithuania**

The Council adopted the decision providing medium-term financial assistance for Estonia, Latvia and Lithuania of a maximum amount of respectively ECU 40 million, ECU 80 million and ECU 100 Million in principal, with a maximum duration of seven years, with a view to ensuring sustainable balance-of-payments situations and strengthening the reserve positions.

Sixth VAT Directive**- Requests for derogating measures**

The Council adopted decisions authorizing

- Germany, until 31 December 1995, to exempt the supply of services in respect of the management of credit and credit guarantees by a person or a body other than the one which granted the credits;
- France, from 1 January 1992 to 31 December 1996,
 - = to introduce arrangements for withholding at source the tax payable by authors where the royalties they receive are paid by publishers, royalty collection and distribution companies or producers,
 - = to calculate authors' deductible input tax by applying a flat rate of 0.80% to their royalties. The amount determined in this way shall be exclusive of any other deduction;
- the Netherlands to apply, until 31 December 1996, in the ready-to-wear clothing industry a scheme for shifting the obligation of pay over VAT to the tax authorities from the subcontractor to the clothing firm (the contractor);
- the United Kingdom, until 31 December 1996, to introduce a special measure allowing the appropriate authorities to direct that the open market value be taken as the taxable amount for intra-Community acquisitions of goods, where the person by whom the goods are acquired is not a fully taxable person, and where there exist certain family, legal or business ties, specified in the national legislation, between the person by whom the goods are acquired and the supplier.

MISCELLANEOUS DECISIONS**Formation of public-liability companies and the maintenance and alteration of their capital**

Following the conclusion of the co-operation procedure with the European Parliament, the Council formally adopted the Directive amending Directive 77/91/EEC on the formation of public limited-liability companies and the maintenance and alteration of their capital.

It is recalled that Directive 77/91/EEC restricts the extent to which a limited-liability company may acquire its own shares, in order to maintain subscribed capital and guarantee equal treatment of shareholders.

The amendment is intended to prevent a limited liability company using another company in which it holds majority voting rights or over which it may exercise a dominant influence in order to make such acquisitions without complying with the prescribed restrictions.

The Member States are required to adopt the provisions necessary to comply with this Directive before 1 January 1994. The date of entry into force of the provisions is fixed 1 January 1995. Belgium may defer application of the provisions concerning suspension of voting rights until 1 January 1998, provided that such voting rights are attached to shares acquired before notification of the Directive and that they do not exceed, for all companies associated with the limited-liability company, 10% of the voting rights of that same limited-liability company.

ECSC

The Council delivered its assent, pursuant to Article 56(2)(a) of the ECSC Treaty, in respect of:

- Deutsche Industrie- und Handelsbank AG, Allemagne
- Westdeutsche Genossenschafts-Zentralbank e.G. (WGZ-BANK), Allemagne
- Deutsche Bank AG, Allemagne
- Norddeutsche Landesbank, Girozentrale, Allemagne
- Crédit Général, S.A., Belgique
- Industrie Kreditbank AG - Deutsche Industriebank (IKB), Allemagne
- Dresdner Bank AG, Allemagne
- Metallbank, Allemagne
- Commerzbank, Allemagne
- Consortium bancaire Saar-Lor-Lux, Luxembourg
- Société Générale et Société Générale Alsacienne de Banque, France
- Société de Développement Régional du Nord et du Pas-de-Calais, France
- Westdeutsche Landesbank, Allemagne
- Banque Bruxelles Lambert, Belgique.

Customs Union

The Council adopted the Regulation opening and providing for the administration of Community tariff quotas for an agricultural and a chemical product (Fifth series 1992).

Bruxelles, le 17 novembre 1992

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NOTE BIO (92) 285 AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Préparation du Conseil Développement du 18.11.92
(Xavier PRATS)

Le Conseil Développement commencera ses travaux le mercredi 18 novembre à Bruxelles. Voici les points principaux à l'ordre du jour :

1. La politique de coopération au développement à l'horizon 2000.

La Commission a approuvé en mai 1992, à l'initiative du Vice-Président Manuel MARIN et du Commissaire Abel MATUTES, une communication au Conseil et au Parlement Européen sur l'avenir de la politique de coopération au développement de la CE.

La Commission estime que plusieurs facteurs rendent nécessaire une réévaluation de la politique de coopération et développement de la Communauté : les changements profonds dans la scène internationale et notamment la fin de la confrontation Est/Ouest ; la détérioration de la situation des pays en voie de développement dans l'économie mondiale ; la progressive intégration économique et politique de la Communauté, etc...

Il importe donc de définir une nouvelle stratégie de rapprochement progressif et complémentaire des politiques de coopération au développement des Etats membres de la Communauté.

Afin de pouvoir définir cette stratégie commune, il est indispensable d'entamer un dialogue entre les institutions communautaires et plus particulièrement entre la Commission, le Conseil et le Parlement européen. L'objectif de la communication approuvée en mai par la Commission était précisément d'initier ce dialogue.

Le Conseil devrait être en mesure demain d'adopter une Résolution qui permette de dégager des orientations et des objectifs clairs sur l'avenir de la politique de coopération, ainsi que de renforcer cette politique par une intensification de la coordination entre les différents aspects de la coopération.

2. Mise en oeuvre de la Résolution sur les Droits de l'homme, la démocratie et le développement

La Commission, à l'initiative du Vice-Président MARIN et du Commissaire MATUTES en accord avec le Président DELORS, avait transmis le 19.3.1991 au Conseil et au Parlement européen une communication sur les Droits de l'Homme, la démocratie et la politique de coopération au développement (cfr. note P-20 et MEMO 15/91).

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La Commission souhaitait ainsi stimuler une réflexion et dégager des lignes de conduite cohérentes et générales applicables aux relations à établir entre les orientations politiques de coopération au développement, le respect et la promotion des Droits de l'Homme et l'appui aux processus démocratiques dans les pays en voie de développement.

La discussion au Conseil se situe dans la perspective de l'inclusion de la coopération au développement dans le champ d'application d'une politique extérieure et de sécurité commune de la Communauté. Un premier débat a eu lieu au Conseil Développement du 27.5.91.

Le 28 novembre 1991, le Conseil a adopté une résolution du Conseil et des Etats membres permettant d'insérer plus clairement la problématique en matière de Droits de l'homme et de démocratie dans les orientations des politiques de coopération et, en même temps, d'assurer que les réactions politiques à des situations dans ces domaines tiennent dûment compte des objectifs et des particularités de la coopération.

La résolution a confirmé l'analyse faite par la Commission dans sa communication, et souligner à la fois l'opportunité de promouvoir le respect des droits de l'homme et la démocratie par des mesures positives, et la nécessité de mesures négatives de la part de la Communauté dans les cas de violations graves et persistentes des droits de l'homme.

Un an après l'approbation de la résolution, le Conseil établira un bilan de sa mise en oeuvre.

3. Planification familiale dans la coopération avec les PVD

La Commission a transmis au Conseil et au Parlement, le 4 novembre dernier, une communication sur ce sujet (cfr. note IP(92)876). Le Conseil devrait être en mesure d'adopter une résolution permettant de confirmer les priorités d'action suggérées par la Commission et de mieux coordonner les activités de la Communauté et des Etats membres.

4. Aide d'urgence

Le Conseil discutera de façon prioritaire le cas de la Somalie, suite à la Conférence des donateurs des 12 et 13 octobre dernier. La Commission a proposé au Conseil d'adapter les procédures de la Convention de Lomé pour permettre l'utilisation des reliquats disponibles sur Lomé II et III afin de mettre en oeuvre les mesures répondant aux besoins et à la situation exceptionnelles de ce pays.

La Commission, à l'initiative du Vice-Président MARIN, avait déjà proposé et obtenu du Conseil l'autorisation de financer une partie du coût de la présence de casques bleus belges en Somalie dans le cadre du contingent des Nations Unies à partir des reliquats de Lomé destinés à la Somalie.

Depuis le début 1992 et jusqu'au 15 octobre, la Commission avait assuré la livraison de 130.000 tonnes d'aide alimentaire en Somalie; 75.000 tonnes supplémentaires ont été mobilisées.

Pour ce qui concerne l'aide d'urgence, 45,8 millions d'ECU ont été engagés en 1991 et 1992 pour la Somalie (essentiellement pour l'achat de produits médicaux). En outre, 2,6 millions d'ECU ont été alloués cette année aux pays limitrophes pour l'aide aux réfugiés somaliens.

De leur côté, les Etats membres apportent cette année environ 100 MECU à titre de l'aide alimentaire bilatérale.

5. Délitement au niveau communautaire des aides bilatérales des Etats membres.

La discussion de ce problème a été engagée à la demande du Conseil Informel d'Appeldoorn en juillet 1991. Le 28 novembre 1991, la Commission a soumis un document de réflexion au Conseil pour faciliter le débat du Conseil. Une divergence importante semble subsister entre les Etats membres sur ce dossier.

Le Conseil débattera également des suites de la CNUCED, de la résolution du Conseil du 27.5.91 sur la coopération avec les ONG, et des résultats de la Conférence internationale sur la Malaria (OMS, Amsterdam, 26-27 octobre 1992).



Amitiés
B. DETHOMAS

Brussels, 19 November 1992

NOTE BIO (92) 285 (suite 1) AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Development Council 18.11.92

(Xavier PRATS)

FUTURE OF DEVELOPMENT COOPERATION

The Council has adopted a Declaration on development cooperation policy in the run-up to the year 2000, on the basis of the Commission paper.

The resolution is intended as a first step in a longer process designed to increase the efficiency and to ensure the equilibrium of development programmes.

As Vice-President MARIN emphasized, it is extremely positive that, for the first time in many years, the Community has started a global discussion on the future of development policy as a whole : this was precisely the objective pursued by the Commission when drafting Community's report.

The Council underlined the objectives that will guide the programmes of their development cooperation :

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- the smooth and gradual integration on the developing countries into the world economy;
- the campaign against poverty in the developing countries.

In line with article 130 U of the Treaty of Union, the Council also stressed the need for increased coordination and more joint action within the Community and with other donors as well as operational coordination, and coordination with other Community policies.

The UK Presidency (Lady Chaiker) will meet the European Parliament in December in order to pursue the discussion; the Danish delegation has informed that it will consider this debate as a priority during its Presidency.

FAMILY PLANNING

The Council has adopted a Resolution on family planning in developing countries, on the basis of a Commission proposal, that updates a previous text approved on 11 November 1986.

Following the Commission's text, the Council recalls that family planning is only one of the policy instruments in a policy aimed at ensuring the balanced demography compatible with sustainable development. Therefore, family planning projects will be included in the framework of health and education programmes of developing countries.

The resolution establishes a framework for action with a set of basic principles, priorities for action and four priority objectives :

- to enable women and men freely to exercise an informed choice about the number and spacing of their children;
- to assist in the establishment of an environment in which this choice can be fully exercised, particularly by improving access to good quality family planning services;
- significantly to reduce health risks to women and children through the provision of appropriate reproductive health services;
- to enable countries and local communities to respond to and influence population growth and movement.

Vice-President MARIN announced that the Commission intends to call an experts meeting in early 1993 to consider operational follow-up. Their deliberations will be the basis of a report to be considered at the next meeting of the Development Council in May 1993.

EMERGENCY AID : SOMALIA, MOZAMBIQUE AND ANGOLA

Over lunch, the Council discussed emergency assistance reaching the following conclusions :

- On Somalia, the Council agreed the Commission's proposal that funds remaining under Lomé II and III should be used for rehabilitation purposes throughout Somalia under the authority of the Commission. They regretted the departure of Ambassador SAHNOUN from Mogadishu while supporting his successor, M. Ismat KITTANI.
- On Mozambique, Ministers welcomed Italian proposals to hold a conference in December to review the short-term needs of Mozambique.
- On Angola, Ministers emphasized their concern about the outbreak of fighting following the holding of what were recognized to be free and fair elections, and called on all parties to consolidate the ceasefire agreement reached on 1 November.

HUMAN RIGHTS

In its conclusions, the Council welcomed the Commission's report and referred to the implementation of the November 1991 resolution on human rights.

The Council and the Commission will from now on hold an annual exchange of views on their activities taken within the framework of the Resolution on the basis of an annual Commission report.

Vice-President MARIN stressed the fact that, although the EC has accomplished an excellent work in countries where a process of democratisation has begun, it is essential to ensure that the democratic and electoral process in countries suffering civil war is followed by a real and durable demobilisation.

The Council reaffirmed its commitment to support of human rights, democracy and development and their determination to give priority to the areas of positive action indentified in the November 1991 resolution. It also recalled its commitment to immediate coordination concerning restrictive measures through Political Cooperation.

UNTYING OF AID

Ministers were unable to reach agreement on this issue, which will be in the agenda of the next Development Council in May.

COOPERATION WITH NGOS

In its conclusions, the Council stressed the importance of the work undertaken by NGOs in developing countries and reaffirmed the Community's commitment to cooperate with NGOs.

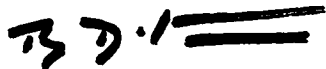
INTERNATIONAL COCOA AGREEMENT

Vice-President MARIN underlined to the Council the urgent need to establish a common EC position on cocoa, in view of the Geneva talks to be held in Geneva next February. The Council agreed to request COREPER to make progress in view of the said meeting.

FOLLOW-UP TO UNCED

At the Rio Conference, the Community announced an allocation of 3 billion ECU for the "agenda 21".

At the end of the Council, the Presidency announced that the Community will devote 600 million ECU for these purpose in 1993.



Amitiés
B. DETHOMAS

Bruxelles, le 20 novembre 1992

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CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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PREPARATION DU CONSEIL ECOFIN DU 23 NOVEMBRE - FISCALITE

(I. Le Moal-Ollive)

Le Conseil ECOFIN se réunit lundi 23 novembre à 9h30 et abordera les dossiers "fiscalité" dans l'après-midi.

En ce qui concerne la fiscalité directe des entreprises, les Ministres des Finances devraient adopter en point A un projet de conclusions du Conseil relatif aux suites à donner au Rapport Ruding.

La Commission a adopté en juin dernier une communication sur les priorités de la fiscalité des entreprises une fois le marché intérieur mis en place (IP (92) 493 du 18 Juin). Cette communication fait suite aux travaux du Comité Ruding et insiste sur l'importance de l'élimination prioritaire de la double imposition des flux de revenus transfrontaliers. Dans ses conclusions le Conseil reconnaît la nécessité d'agir en ce sens et de suivre l'approche retenue par la Commission concernant les orientations en matière de fiscalité directe dans la perspective de l'approfondissement du marché intérieur et dans le respect du principe de subsidiarité.

Cela souligne une fois de plus l'importance de l'adoption par le Conseil des deux propositions de directives sur la suppression des retenues à la source sur les intérêts et redevances et sur la prise en compte des pertes étrangères qui sont toujours sur la table du Conseil.

Madame SCRIVENER insistera donc sur la nécessité d'adopter de toute urgence ces textes qui sont demandés avec insistance par les entreprises.

En ce qui concerne la fiscalité indirecte plusieurs questions figurent à l'ordre du jour :

- le premier train de simplifications des régimes TVA et accises sans frontières :

Lors de l'adoption, en décembre 1991, du régime transitoire de TVA et du nouveau régime des droits d'accises sans contrôles aux frontières, la Commission s'était engagée à réaliser un examen continu de ce régime afin d'identifier et de proposer toutes les simplifications possibles.

Conformément à ce mandat, la Commission a proposé en octobre et novembre, deux directives qui correspondent au premier train de simplifications du régime transitoire de TVA et du régime des accises (IP (92) 878 du 4 novembre).

Ces textes visent en particulier à alléger les charges administratives des entreprises, et à améliorer ainsi le fonctionnement du marché intérieur. Ces deux textes doivent entrer en vigueur le 1er janvier 1993 et devraient être adoptés dès lundi par le Conseil. Le Parlement européen a donné un avis favorable sur ces textes le 20 novembre 1992. La Commission poursuivra ses efforts de suivi de l'application des nouveaux régimes fiscaux pour proposer toute simplification utile.

- franchises pour les voyageurs en provenance de pays tiers :

La Présidence a l'intention de proposer un relèvement de ce que l'on appelle la franchise des pays tiers, aujourd'hui limitée à 45 Ecus, pour la porter à 400 Ecus. Cette franchise concerne les marchandises que les voyageurs peuvent importer de pays extérieurs à la CEE pour leur usage personnel sans procéder aux formalités fiscales et douanières d'import-export. Ces marchandises ont bien sûr été achetées en acquittant les différentes taxes appliquées dans le pays d'origine.

La Commission est favorable à une décision de principe de relèvement de la franchise pays tiers. Rappelons que le 1er janvier 1993 il n'y aura plus aucune limite aux achats des voyageurs se déplaçant à l'intérieur de la Communauté, il est donc logique d'augmenter les facilités offertes aux voyageurs en provenance de pays tiers.

Si la plupart des Etats membres semble en faveur de cette initiative, l'ampleur du relèvement est en revanche contestée, les Etats membres échelonnent leurs positions entre 100 et 400 Ecus.

En liaison avec ce sujet sera abordée la question des montants autorisés d'achats auprès des duty-free dans le cadre des voyages intracommunautaires. Traditionnellement, le montant de ces achats a été aligné sur le niveau des franchises pays tiers. Mais le Conseil envisage de supprimer la parité entre ces deux limites d'achats. La question se posera alors de savoir si l'on doit relever le niveau d'achat duty-free intracommunautaire ou le maintenir tel quel. La Commission, soutenue par un certain nombre de délégations, reste fermement opposée au relèvement de la franchise duty-free car cela irait à l'encontre de la logique du grand marché. La Commission a accepté en 1991 de reporter au 1er juillet 1999 la suppression de cette possibilité d'achats hors-taxes pour les voyages à l'intérieur de la Communauté à la condition que les activités du duty free au niveau intracommunautaire ne soient pas étendues.

- 7ème directive TVA sur les biens d'occasion et les oeuvres d'art :

Cette proposition de directive vise à supprimer les doubles impositions des ventes de biens d'occasion, d'oeuvres d'art de collection ou d'antiquités notamment à l'occasion des transactions transfrontalières. Par ailleurs elle propose des modalités communes de taxation des oeuvres d'art à l'intérieur du territoire communautaire.

Le Conseil examinera seulement les points toujours en suspens et principalement la question du niveau de la taxation des importations d'oeuvre d'art dans la Communauté. Certaines délégations préconisant un taux zéro, d'autres un taux réduit, les dernières enfin, un taux plein.

Fiscalité des transports routiers

Lors du Conseil transport du 26 octobre, les Ministres avaient décidé de soumettre ce point au Conseil ECO-FIN en vue d'arriver à un accord sur la base de la proposition de la Commission au prochain Conseil de décembre (taxe minimum sur les véhicules et taxes d'usage répondant aux impératifs de libre circulation et de non discrimination).

Après les travaux du COREPER intervenus depuis le Conseil transport, la Présidence a soumis un projet de résolution au Conseil qui reprend les lignes de force de la proposition de la Commission en vue d'un accord lors du Conseil transport du 7 décembre. Le lien avec le cabotage routier rend en effet impérieux un accord sur ce dossier avant le début de l'année 1993. La Présidence a bien précisé que ses conclusions ne concernaient, comme la proposition de la Commission basée notamment sur l'Article 75, que les véhicules utilitaires.

INVESTMENT SERVICES

There is a good chance that Ministers will reach a formal Common Position on the Directive for Investment Services, which aims to establish the 'single passport' by which investment houses would be able to trade throughout the EC on receipt of authorisation merely from their home country authorities. The European Parliament would then have to make its second and final reading of the Directive before it could be fully ratified.

Two obstacles remain:

1: **Exclusion.** The UK would like the smallest operators, many of which are individuals (known as "Independent Financial Advisers"), to be excluded from the scope of the Directive. They would thus not have to meet the initial capital requirement of 50,000 ecus before being allowed to begin trading. Most member states are in favour of including small traders. A compromise is nonetheless believed to be within reach.

2: **Confidentiality.** The question arises over what the supervisors in each country would be able to do with the information passed on to them. The Commission intends to devise a means, most probably through a separate Directive, of applying the same standards of confidentiality to all its financial services rules horizontally. This work is currently at a very early stage, but the Commission could envisage progress being made up to early in the New Year.

Amitiés,
B. DETHOMAS



Bruxelles, le 23 novembre 1992

NOTE BIO(92) 292 (suite 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO/FIN DU 23 NOVEMBRE 1992 (T. KRØYER)

Prêts à la balance de paiement aux pays baltes

Aujourd'hui le Conseil ECO/FIN a pris la décision d'octroyer des prêts à la balance de paiement aux pays baltes comme suit :

- 40 mécus pour l'Esthonie
- 80 mécus pour la Léttonie et
- 100 mécus pour la Lithuanie

Ce montant de 220 mécus représente la moitié d'un effort international au sein du groupe G-24 et autres.

Les prêts sont conditionnels aux conclusions et réalisations des programmes de transformation de l'économie des pays baltes.

Le Vice-Président Christophersen se félicite de cette décision du Conseil.

Amitiés,



B. DETHOMAS

Brussels, 23 November 1992

BIO NOTE (92) 292, SUITE 2 AUX BUREAUX NATIONAUX
CC : MEMBRES DU SERVICE PORTE-PAROLE

GROWTH INITIATIVE (Troels Krøyer)

Asked by journalists when he left the Council about the discussion of the growth initiative, Vice-President Christophersen said that the ministers had had a long discussion over lunch. The Commission had been asked to produce a document for the Presidency containing the necessary analysis for a discussion at the Edinburgh summit. He said that the policy instruments consists of Community actions and actions to be undertaken by member-states in a coordinated way.

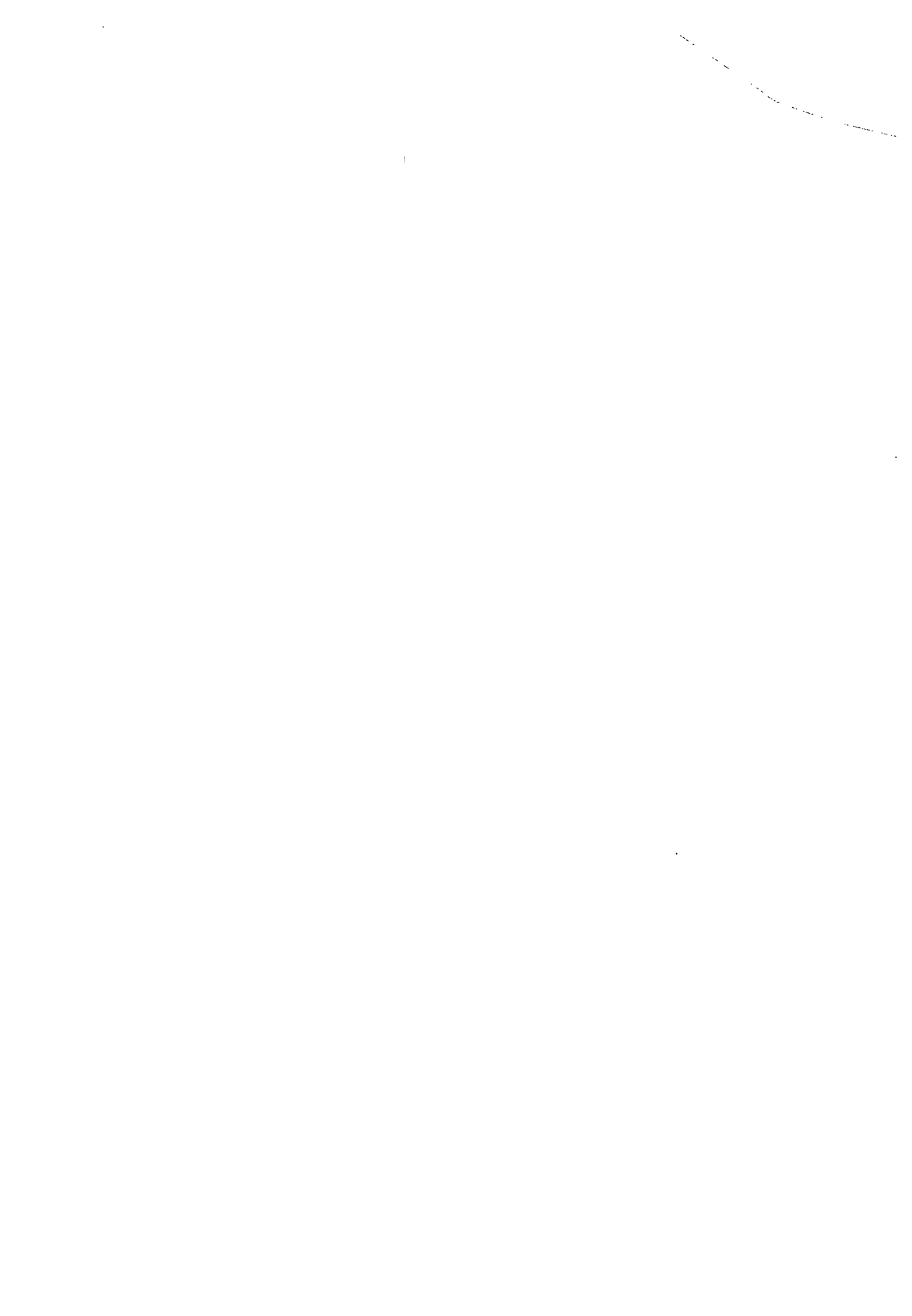
The Vice-President said that the total action to revive an economy of 5500 billion ECU would be of the order of 50-60 billion ECU. As an important element the Vice-President mentioned the possibility of a loan facility through the European Investment Bank worth 6 billion ECU to be doubled up by equal amounts from private loans thus creating investments in infrastructure networks etc. worth 12 billion ECU.

He also said that the speeding-up of the implementation of the internal market, the GATT round and enlargement negotiations would boost investments.

As to the member-states they should reallocate resources from current spending to capital spending and give incentives to private investments.

Amitiés


Bruno Dethomas



Brussels, 23 November 1992

NOTE BIO(92) 292 (suite 3) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONCLUSIONS ON BELGIAN CONVERGENCE PROGRAMME (T. Kroyer)

1. On 23 November the Council carried out an examination of the Belgian programme of economic convergence for the period 1992-1996. The Council heard at its meeting a statement from the Belgian government expressing its commitment to strengthen further the action to implement the process of convergence. Having taken into account his further commitment, the Council expressed its positive appreciation of the programme and the commitment to the process of convergence.
2. The Council expressed satisfaction that the economic policies followed by Belgium had led to a commendable record in the areas of price and monetary stability, putting Belgium in a position to reach most of the convergence criteria in the Treaty of Maastricht. Against this background, the Council expressed the view that taking account of a public sector debt ratio of almost 125 per cent of GDP and a deficit well above 3 per cent of GDP, fiscal consolidation was the key requirement in the conduct of economic policy. The objective of the programme is to reduce the general government deficit to 3 per cent of GDP and the debt ratio to 117 per cent of GDP by 1996.
3. The Council welcomed the multiannual measures that have already been taken by the government in order to reach these objectives. It took note with satisfaction of the commitment of the Belgian authorities not, in any way, to put into question these measures of the three basic norms of the convergence programme (zero growth of expenditure in volume, evolution of revenues parallel to that of GNP and financial equilibrium of the social security), even if some budgetary room for manoeuvre was generated by an easing of interest rates compared to the level assumed in the convergence programme.
4. The Council believes, however, that it will be necessary to continue to bear down vigorously on public debt levels for some time to come beyond the end of the period covered by the convergence programme, and that the Government should take every opportunity to make maximum progress in reducing the debt burden. For that reason, without prejudice to the criteria expressed in the Maastricht Treaty, the Council expressed satisfaction that the Belgian authorities intend to stabilise the primary budget surplus beyond 1996 at the level prescribed for that year in the convergence programme.
5. Moreover, the Council stressed the important role of the authorities at level of communities and regions in the implementation of the budgetary objectives of the convergence programme. It expressed satisfaction at the agreement reached between the State, the communities and the regions on these objectives. It invited the Belgian authorities to use all means to guarantee the efficiency of that cooperation.
6. In the light of this first discussion, the Council invited the Commission to follow the implementation of the programme in close cooperation with the Monetary Committee and to report to it at regular intervals.

Regards,



Bruno Dethomas

Brussels, 24 November 1992

NOTE BIO (92) 292 SUITE 4 AUX BUREAUX NATIONAUX
CC: MEMBRES DU SERVICE PORTE-PAROLE

INVESTMENT SERVICES DIRECTIVE (Peter Gullford)

The Ecofin Council yesterday reached a **Common Position** on the whole of the Investment Services Directive. This follows the reaching of a political agreement, at the Ecofin Council on June 29, on the main points which until then had held up the discussions. These were transparency, regulating the amount and frequency with which stock traders must declare their sales, and the direct access of banks to stock markets. After undergoing legal and linguistic 'toiletage', the text of the Directive will go to the European Parliament for its second reading. The Directive will enter into force on 1 January, 1995.

The Directive aims to establish a single European market for investment services, enabling share dealers to operate throughout the Community on receipt of authorisation solely from their 'home country' authorities (the so-called "single passport" principle).

The directive covers the following financial services: brokerage, dealing, portfolio management, and the underwriting of new securities issues and the distribution of such issues to investors. It also covers so-called 'non-core' services such as investment advice, foreign exchange, and advice on mergers and acquisitions. The following financial instruments are covered: services related to securities such as shares and bonds, and financial derivatives such as options and financial futures.

It establishes mutual recognition of the terms of authorisation of investment firms so that they may operate throughout the EC member states on receipt of the single licence. This enables each regulating authority to accept the standards of the others and therefore forego the need to control a foreign trader operating on its territory ('home country' control).

For trade carried out on a regulated market, such as a Stock Exchange, the authorities must require at least the following for each financial instrument, in order to ensure sufficient transparency: the publication at the start of each day's trading on the market of the weighted average price, the highest and lowest prices and the volume dealt for the whole of the preceding day's trading. In addition, for continuous trade-matching markets and automated-quotation markets, publication at the end of each hour's trading of the weighted average price and volume for a six-hour trading period ending so as to leave two hours' trading on the market before publication, and every 20 minutes, of the weighted average price and the highest and lowest prices for a two-hour period ending so as to leave one hour's trading before publication.

As a safeguard, these obligations may be suspended by the national stock market regulators in the case of very large transactions, or illiquid transactions, or in the case of very small markets where to publish such information could jeopardise the trader's anonymity.

Banks will have direct access to deal in shares on Stock Exchanges, although there will be transitional periods as follows: Italy, Belgium and France may continue to stop banks operating directly (ie not through a broker or subsidiary) on stock markets until the end of 1996. Portugal, Spain and Greece may maintain their restrictions until the end of 1999.

The Directive will enable a Stock Exchange which operates electronically to provide screens for investment firms in other member states without needing to be established in those member states. The 'home country' regulations of that Stock Exchange will of course apply to all traders using its screens, wherever they are based.

The 'host country' will retain the right to control rules concerning conduct of business. This must be in line with the jurisprudence of the Court of Justice, which demands that any such rules on conduct of business should not be excessive. In particular, they must take account of the professional nature of the investor (the more sophisticated the investor, the less prudential protection he will need)

Regarding the exchange of information, there must be close collaboration between the supervisors in the home and host countries. Both sides will nonetheless be required to respect professional secrecy covering the investor.

How was the Common Position reached ?

The resolution of three outstanding issues enabled the ministers to reach agreement:-

1: **The exclusion of small investment firms:** small investors will be excluded from the scope of the Directive. Known as 'order collectors', these are defined as those who merely pass on a client's order and cheque to a fully-fledged investment firm. They may not deal in shares for a client, and must be subject to a national code of professional ethics. Exempted firms will not have to put up the initial capital of 50,000 ECU required by the Directive, but they will be subject to the regulations of each country in which they operate, so will not benefit from the single passport.

2: **Confidentiality:** by mid-1993, the Commission will propose a new Directive governing the passing on of confidential information gathered by supervisors. The Directive will be horizontal, applying to insurance and banking as well as investment services. Nonetheless, up until the end of 1996, member states will be able to maintain national laws under which supervisors may pass certain information on to auditors' organisations. (This provision refers particularly to the UK, where confidential information may be passed on to company inspectors at the Department of Trade and Industry, even though the Second Banking Directive technically does not allow this to happen).

3: **Foreign exchange:** the ministers agreed that foreign exchange dealing may benefit from the Investment Services Directive so long as it is linked to other investment activities.

Amitiés

Bruno Dethomas

Bruxelles, le 24 novembre 1992

NOTE BIO (92) 292 (suite 5) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECOFIN DU 23 NOVEMBRE - FISCALITE

(1. Le Moal-Ollive)

RELANCE DE LA FISCALITE DES ENTREPRISES

En ce qui concerne la fiscalité directe des entreprises, les Ministres des Finances ont adopté en point A un projet de conclusions (voir détails dans l'IP (92) 940 du 23.11.92) du Conseil relatif aux suites à donner au Rapport Ruding.

La Commission a adopté en juin dernier une communication sur les priorités de la fiscalité des entreprises une fois le marché intérieur mis en place (IP (92) 493 du 18 juin). Cette communication fait suite aux travaux du Comité Ruding et insiste sur l'importance de l'élimination prioritaire de la double imposition des flux de revenus transfrontaliers. Dans ses conclusions le Conseil reconnaît la nécessité d'agir en ce sens et de suivre l'approche retenue par la Commission concernant les orientations en matière de fiscalité directe dans la perspective de l'approfondissement du marché intérieur et dans le respect du principe de subsidiarité.

Cela souligne une fois de plus l'importance de l'adoption à court terme par le Conseil des deux propositions de directives sur la suppression des retenues à la source sur les intérêts et redevances et sur la prise en compte des pertes étrangères qui sont toujours sur la table du Conseil.

Madame SCRIVENER a insisté donc sur la nécessité d'adopter de toute urgence ces textes qui sont demandés avec insistance par les entreprises.

Simplifications des régimes TVA et accises sans frontières :

Le Conseil est proche d'un accord sur ces deux textes qui pourraient faire l'objet d'une adoption en point A lors d'un prochain Conseil, avant l'ECOFIN de décembre. Madame SCRIVENER a souligné l'urgence également de la mise en oeuvre de ces dispositions dans le cadre du marché intérieur ainsi que la légitime expectation des entreprises à cet égard.

Lors de l'adoption, en décembre 1991, du régime transitoire de TVA et du nouveau régime des droits d'accises sans contrôles aux frontières, la Commission s'était engagée à réaliser un examen continu de ce régime afin d'identifier et de proposer toutes les simplifications possibles.

Conformément à ce mandat, la Commission a proposé en octobre et novembre, deux directives qui correspondent au premier train de simplifications du régime transitoire de TVA et du régime des accises (IP (92) 878 du 4 novembre).

Ces textes visent en particulier à alléger les charges administratives des entreprises, et à améliorer ainsi le fonctionnement du marché intérieur. Ces deux textes devraient entrer en vigueur le 1er janvier 1993. Le Parlement européen a donné un avis favorable sur ces textes le 20 novembre 1992. La Commission poursuivra ses efforts de suivi de l'application des nouveaux régimes fiscaux pour proposer toute nouvelle simplification utile.

Franchises pour les voyageurs en provenance de pays tiers :

La Présidence a proposé un relèvement de ce que l'on appelle la franchise des pays tiers, aujourd'hui limitée à 45 Ecus, pour la porter à 400 Ecus. Cette franchise concerne les marchandises que les voyageurs peuvent importer de pays extérieurs à la CEE pour leur usage personnel sans procéder aux formalités fiscales et douanières d'import-export. Ces marchandises ont bien sûr été achetées en acquittant les différentes taxes appliquées dans le pays d'origine.

La Commission est favorable à une décision de principe de relèvement de la franchise pays tiers. Rappelons que le 1er janvier 1993 il n'y aura plus aucune limite aux achats des voyageurs se déplaçant à l'intérieur de la Communauté, il est donc logique d'augmenter les facilités offertes aux voyageurs en provenance de pays tiers.

L'ensemble des Délégations est favorable également au principe du relèvement de la franchise pays tiers mais l'ampleur du relèvement est, en revanche, contestée, un certain nombre de Délégations préférant limiter cette franchise à moins de 200 Ecus.

En liaison avec ce sujet a été abordée la question des montants autorisés d'achats auprès des duty-free dans le cadre des voyages Intracommunautaires. Traditionnellement, le montant de ces achats a été aligné sur le niveau des franchises pays tiers. La Présidence a donc également proposé de relever le montant de ces achats hors-taxes intracommunautaires, contre l'avis de la Commission. En effet la Commission, reste opposée au relèvement de la franchise duty-free car cela irait à l'encontre de la logique du grand marché. La Commission a accepté en 1991 de reporter au 1er juillet 1999 la suppression de cette possibilité d'achats hors-taxes pour les voyages à l'intérieur de la Communauté à la condition que les activités du duty-free au niveau intracommunautaire ne soient pas étendues.

Cette deuxième proposition de la Présidence de relèvement ne pourra, semble-t-il, être acceptée par les Ministres des Finances que si elle reste dans des proportions modestes, en tout cas au-dessous de 100 Ecus. La discussion sera reprise en décembre autour d'un compromis de 175 Ecus pour la franchise pays tiers et 75 à 90 Ecus pour la franchise duty-free.

7ème directive TVA sur les biens d'occasion et les oeuvres d'art :

Cette proposition de directive vise à supprimer les doubles impositions des ventes de biens d'occasion, d'oeuvres d'art de collection ou d'antiquités notamment à l'occasion des transactions transfrontalières. Par ailleurs elle propose des modalités communes de taxation des oeuvres d'art à l'intérieur du territoire communautaire.

Le Conseil a examiné seulement les points toujours en suspens et principalement la question du niveau de la taxation des importations d'oeuvres d'art dans la Communauté sans pouvoir se prononcer de manière définitive. Certaines délégations préconisent un taux zéro, d'autres un taux réduit, les dernières enfin, un taux plein.

La proposition actuelle envisage un taux réduit minimum de 5% sur les oeuvres d'art importées dans la Communauté et une prolongation du régime douanier spécial qui est utilisé en particulier pour les deux tiers du marché de l'art britannique. Ce régime d'admission temporaire permet aux oeuvres d'art de circuler pendant 6 mois sur le territoire d'un Etat membre (et le 1er janvier 1993 sur le territoire de la totalité de la Communauté) sans que les droits de douane ou taxes ne soient acquittés car elles sont destinées à être réexportées.

Cette pratique traditionnelle du marché de l'art fait donc apparaître le faible impact économique de l'introduction de modalités communes de taxation et d'un taux commun de 5% pour les pays qui exonèrent aujourd'hui les oeuvres d'art (quatre Etats membres).

Amitiés,
B. DETHOMAS

