

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

4526/93 (Presse 17)

1642nd Council meeting

ECONOMIC AND FINANCIAL QUESTIONS

Brussels, 15 February 1993

President: Mrs Marianne JELVED

**Minister for Economic Affairs
of the Kingdom of Denmark**

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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:

Mrs Marianne JELVED Minister for Economic Affairs

Germany

Mr Theodor WAIGEL Federal Minister for Finance
Mr Horst KÖHLER State Secretary for Finance
Mr Johann EEKHOF State Secretary for Economic Affairs

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

Ireland:

Mr Bertie AHERN Minister for Finance

Italy:

Mr Piero BARUCCI Minister for the Treasury

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance
Mr Robert GOEBBELS Minister for Economic Affairs

Netherlands

Mr Wim KOK Minister for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO Minister for Finance

United Kingdom:

Sir John COPE Paymaster General

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Commission:

Mr Henning CHRISTOPHERSEN Member
Mr Peter SCHMIDHUBER 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

DANISH PRESIDENCY WORK PROGRAMME - OPEN DEBATE

In implementation of the conclusions reached at the Edinburgh European Council regarding transparency, the Council discussed the economic and financial aspects of the Danish Presidency's work programme at a sitting open to the public (recorded for television broadcasting) (1).

Ministers' interventions focused particularly on action to promote economic recovery in Europe in accordance with the decisions reached at the Edinburgh European Council.

At Community level the need for rapid implementation of the European Investment Fund and of the temporary loan facility (known as the Edinburgh facility) was emphasized. At national level Ministers gave details of the specific contributions their respective countries might make to the growth initiative.

ECONOMIC RECOVERY IN EUROPE AND REVIEW OF THE CONVERGENCE PROGRAMMES

The Council then turned to a discussion in restricted session on economic recovery in Europe. It began by noting the communication the Commission had just submitted to it on implementation of the measures to be adopted at Community level and noted that this part of the growth initiative was already well advanced. It welcomed the indications received from the EIB to the effect that the first projects to be financed from the Edinburgh facility were about to be decided on by the Bank's Board of Directors.

It also heard a report from Commissioner Christophersen on progress in the bilateral discussions with the Member States on the specific economic policy measures they proposed taking at national level and the incorporation of such measures into concerted action.

(1) Technically, the broadcast was achieved thanks to the co-operation of the European Parliament's audiovisual services. The Commission's audiovisual services also helped with this operation.

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In this context the Council welcomed the prospect of the joint conference of EEC and EFTA Finance Ministers scheduled for 19 April.

The Council also heard a report from Mr Christophersen and the Chairman of the Monetary Committee on the implementation of the convergence programmes submitted by some Member States (Italy, Portugal, Ireland, Germany, Spain, the Netherlands, Belgium) and the adjustments which might be needed.

The Council asked the Commission and the Monetary Committee to continue their proceedings on this matter with a view to submitting updated reports to the Council meeting on 15 March to enable the latter to reach conclusions on this important dossier.

FOLLOW-UP TO THE EDINBURGH CONCLUSIONS ON THE FUTURE FINANCING OF THE COMMUNITY

The Council heard a statement from Commissioner Schmidhuber on the Commission proposals for the implementation of the conclusions of the Edinburgh European Council on the future financing of the Community.

The Council also took note of reports from the President of the Council and Commissioner Schmidhuber on the dialogue between the Council, the Commission and the European Parliament with a view to the conclusion of a new interinstitutional agreement on the financial perspective for 1993-1999. It was in particular informed of the differences of opinion which still remained on this question between the Council and the European Parliament.

ESTABLISHMENT OF A EUROPEAN INVESTMENT FUND

The Council agreed to give its opinion in the very near future on the convening of a Conference of the Representatives of the Governments of the Member States to adopt the amendments to be made to the Statute of the European Investment Bank with a view to the creation of a European Investment Fund.

OTHER DECISIONS IN THE AREA OF ECONOMICS AND FINANCE

Operations of the European Investment Bank

= **Extension of the EIB's operations in countries with which the Community has concluded co-operation agreements**

The Council adopted a Decision granting a Community guarantee to the EIB against losses under loans for projects of mutual interest in certain third countries. This Decision will allow the EIB to make available loans outwith the Community in countries with which the Community has concluded co-operation agreements.

An overall ceiling of ECU 750 million has been set for a three-year period (ECU 250 million per year). The loans will be granted in accordance with the Bank's usual criteria for projects of mutual interest.

The countries benefiting from the ECU 750 million in loans will be the developing countries of Latin America and Asia.

= **EIB loans to the Baltic countries**

Pending receipt of the European Parliament's Opinion and subject to examination thereof, the Council was favourably disposed towards the Commission proposal extending a Community guarantee to the EIB in case of losses on loans in the Baltic countries.

The EIB would assist these countries as it has already assisted other Central and East European countries. The loans would be granted directly by the Bank from its own resources in accordance with its usual criteria. They would be intended for the funding of investment projects.

The overall ceiling on this operation would be ECU 200 million for three years.

Medium-term financial assistance facility

Having examined, pursuant to Article 12 of Regulation No 1969/88 of 24 June 1988, the medium-term financial assistance facility for Member States' balances of payments, the Council:

- considered that the facility providing medium-term financial assistance for Member States' balances of payments still meets, in its principle, arrangements and ceiling, the need which led to its creation;
- agreed with the view expressed by the Commission in its report that the facility should remain in place during the transition to the third stage of Economic and Monetary Union;
- agreed to conduct a further review of the facility before the end of 1996, on the basis of a further Commission report, after the Monetary Committee had delivered an opinion and after the European Parliament had been consulted;

Complete liberalization of capital movements

Having completed its review of Article 3 of Directive 88/361/EEC of 24 June 1988 for the implementation of Article 67 of the EEC Treaty providing for the complete liberalization of capital movements within the Community, the Council considered that the provisions of Article 3 of Directive 88/361/EEC remained appropriate, as regards their principle and details, to the requirements which they were intended to satisfy.

VAT derogations

The Council adopted three Decisions authorizing France and the United Kingdom to apply measures derogating from the sixth VAT Directive.

Under Article 27 of the sixth VAT Directive (77/388/EEC), the Council may authorize Member States to apply measures derogating from that VAT directive in order to simplify the procedure for charging the tax or to prevent certain types of tax evasion or avoidance. The three Decisions adopted authorize, following requests from the French and United Kingdom Governments, three simplification measures.

In fact, the measures put forward by the French Government are intended to extend until 31 December 1996 the derogations the Council already granted in 1989.

The first derogation concerns exemption from or suspension of the payment of VAT for certain taxable operations involving fresh industrial waste and recuperable material.

The second derogation concerns the total exclusion from the right to deduct VAT charged on expenditure in respect of goods and services where the private use of such goods and services accounts for more than 90% of their total use.

The measure proposed by the United Kingdom is intended to extend until 31 December 1996 a derogation granted by the Council in 1990. It involves granting SME the option of postponing the right of deduction of tax until it has been paid to the supplier. At the same time the turnover ceiling for application of this derogation is raised from £300 000 to £350 000.

MISCELLANEOUS DECISIONS

Environment

The Council adopted a Decision concerning the conclusion of the Protocol to the Convention on the International Commission for the Protection of the Elbe with the aim of giving that International Commission legal capacity to allow it to fulfil its tasks.

The Convention on the International Commission for the Protection of the Elbe was signed on 8 October 1990 in Magdeburg (D) by the Federal Republic of Germany, the Czech and Slovak Federal Republic and the European Economic Community. The Council ratified it on 18 November 1991.

ECSC

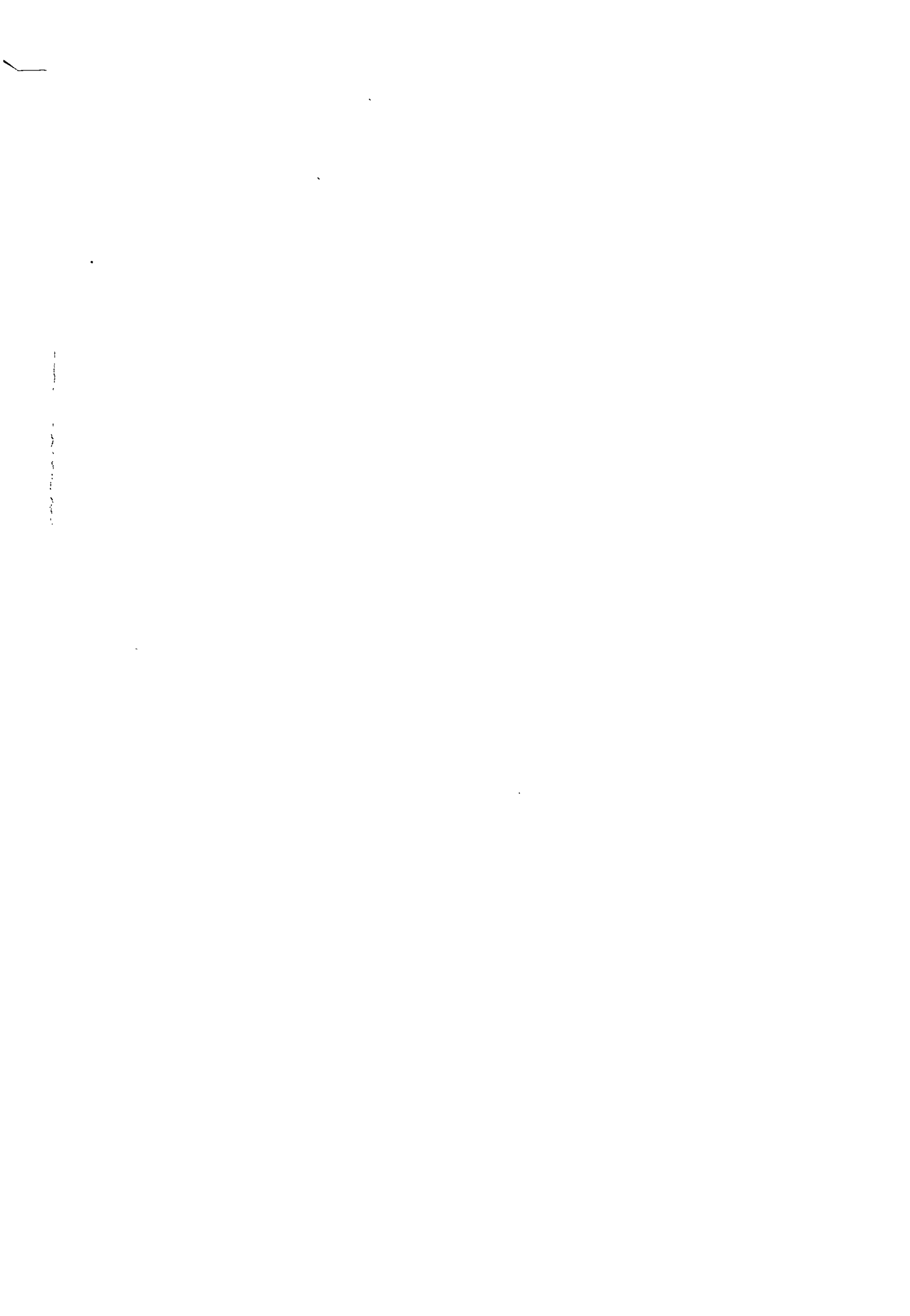
The Representatives of the Governments of the Member States, meeting within the Council, adopted:

- a Decision on the temporary suspension, until 31 December 1993, of customs duties applicable to imports of ECSC products originating in Iceland;
- a Decision on the opening, for the period 1 January to 31 December 1993, of a 600 tonnes zero-duty tariff quota for flat rolled products of silicon-electrical steel for the Benelux countries.

Appointments

The Council replaced:

- a full member and an alternate member of the Advisory Committee on the Training of Pharmacists;
- three full members and two alternate members of the Advisory Committee on Education and Training in the Field of Architecture;
- three full members and two alternate members of the Advisory Committee on Freedom of Movement for Workers.



Bruxelles, le 25 février 1993

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NOTE BIO(93) 43 AUX BUREAUX NATIONAUX
cc: AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL INDUSTRIE DU 25 FEVRIER 1993: le Conseil adopte ses conclusions sur la restructuration de la sidérurgie européenne (O. NETTE)

Au terme d'un débat très consensuel quant au fond, le Conseil a adopté ses conclusions en faisant sienne l'approche préconisée par la Commission pour remédier à la crise structurelle du secteur sidérurgique : à l'industrie elle-même de fournir des engagements fermes et précis de fermetures; à la Communauté d'accompagner cette restructuration, notamment en contribuant au financement du volet social. Plus précisément, il a été décidé que :

- M. Fernand Braun se verra confier une deuxième mission pour recueillir des engagements fermes de la part de l'industrie;
- ces engagements devront être donnés jusqu'au 30 septembre de cette année;
- que la restructuration devra en principe être achevée à la fin 1994; cette période pourra cependant s'étendre jusqu'à fin 1995 dans des cas dûment justifiés;
- que le soutien financier communautaire est subordonné à une restructuration en profondeur : si jusqu'au 30 septembre il n'y a pas assez d'engagements fermes de la part de l'industrie, les mesures d'accompagnement sociales ne prendront pas effet.

Le Conseil a également retenu l'approche suggérée par la Commission pour ce qui est du volet externe :

- pour ce qui est des PECO, la Commission négociera - par pays et par produit - des contingents tarifaires dans les seuls cas où une telle protection se justifie au titre des clauses de sauvegarde contenues dans les accords européens.
Il ne s'agit nullement, comme l'a souligné Sir Leon Brittan lors de la conférence de presse finale, d'empêcher "le commerce normal" - au contraire, la Commission se place résolument dans la perspective d'un accès accru au marché communautaire pour les PECO - mais d'éviter que le prix de certains produits sensibles s'effondrait à la suite des importations massives (à des prix trop bas).
- pour ce qui est des relations avec les Etats-Unis, la Commission s'opposera par tous les moyens à la mise en place définitive des mesures injustifiées prises récemment par les Américains.

Lors de la conférence de presse finale, M. Bangemann a exprimé sa satisfaction sur le résultat de la réunion :

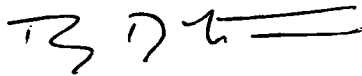
"Le Conseil est d'accord avec notre approche. On ne peut résoudre la crise qu'ensemble avec l'industrie. A nous de fixer un cadre - ce travail a commencé aujourd'hui - à l'industrie de prendre maintenant ses décisions".

M. Van Miert a souligné que la Commission veillera au stricte respect des règles de concurrence.

Interrogés sur la perte d'emploi, MM Bangemann et Van Miert ont indiqué qu'aussi douloureux que soit la réduction d'effectifs il fallait agir dès maintenant, sous peine perdre à terme un nombre plus important encore d'emplois.

Amitiés

B. DETHOMAS



Bruxelles, le 15 février 1993

**NOTE BIO(93) 34 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

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ECOFIN COUNCIL (T. Kroyer)

Convergence programme

After today's Ecofin Council, Commissioner Henning Christophersen at a press conference was asked to comment on suggestions that the Council should have decided on a more relaxed implementation of convergence programmes.

Mr Christophersen categorically said that there was no decision on changing targets for convergence programmes nor on the delay for their implementation. The misunderstanding may arise from the fact that the Commission suggests that convergence programmes already being implemented be prolonged beyond their present expiration, in principle to 1996 without changing the targets for the present programmes. It is very natural that such a rolling procedure is applied so we can see to which extent convergence targets will be reached in 1996 as foreseen in the Maastricht Treaty. The President of the Council, Marianne Jelved, also said that it is very logic to prolong the convergence programmes in this sense.

Mr Christophersen also underlined that there is a link between the growth initiative and convergence. It will simply be easier to implement the convergence programmes at a higher level of growth, he said. He was happy to have announced to the Council that Community measures are well under way and that the Commission currently is in contact with Member States to assist in coordinating national measures as a part of a concerted action to boost growth.

Regards,



Bruno Dethomas

