

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

5324/86 (Presse 25)

1064th Council meeting

- Industry -

Brussels, 3 March 1986

President:

Mr W.F. VAN EEKELLEN,

State Secretary
for Foreign Affairs

of the Kingdom of the Netherlands

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

Belgium:

Mr Philippe MAYSTADT . Minister for Economic Affairs

Denmark:

Mr Ib STETTER Minister for Industry

Germany:

Mr Dieter von WÜRZEN State Secretary,
Federal Ministry of Economic Affairs

Greece:

Mrs Vasso PAPANDEOU State Secretary for Industry,
Energy and Technology

Spain:

Mr Joan MAJO CRUZATE Minister for Industry and Energy

France:

Mr François SCHEER Ambassador, Permanent Representative

Ireland:

Mr Michael NOONAN Minister for Industry, Trade,
Commerce and Tourism

Italy:

Mr Bruno ORSINI State Secretary,
Ministry of Industry

Luxembourg:

Mr Johny LAHURE State Secretary for Economic
Affairs

Netherlands:

Mr W.F. VAN EEKELEN

State Secretary for Foreign Affairs

Portugal:

Mr Fernando SANTOS MARTINS

Minister for Industry and Trade

United Kingdom:

Mr John BUTCHER

Parliamentary Under-Secretary of
State, Department of Trade and
Industry

o

o

o

Commission:

Lord COCKFIELD

Mr Karl-Heinz NARJES

Mr Peter SUTHERLAND

Vice-President

Vice-President

Member

o

o

o

AIDS TO THE SHIPBUILDING INDUSTRY

The Council held a general discussion on state aids to the shipbuilding industry, with particular regard to the outlook in this sector, in order to give guidance to the Commission's work on new arrangements to be introduced from 1987. The 1981 5th Directive on this subject, which at present governs these aids, was extended in December 1984 and will expire on 31 December 1986.

The debate, for which the Netherlands delegation had submitted a memorandum, was introduced by the Commission representatives; it gave delegations an opportunity to express their opinions on the general approach for new aid arrangements in this sector and the main aspects of such arrangements which could be envisaged, such as the gradual reduction of aid, a policy of restructuring, aid transparency and the international context in this sector.

The Council noted that the Commission would endeavour to submit a proposal on the subject as soon as possible.

DELIVERY OF STEEL PRODUCTS FROM SPAIN AND PORTUGAL

The Council gave two assents to draft Commission Decisions establishing the delivery levels of ECSC steel products:

- of Spanish origin onto the rest of the common market, excluding Portugal,
- of Portuguese origin onto the rest of the common market, excluding Spain.

The level of these deliveries for 1986 will be 850 000 t for Spain and 90 000 t for Portugal.

In the context of the discussion on establishing the delivery levels for Spain, the Council was informed that Spain had addressed a request to the Commission for the application of protective measures to counter the considerable increase in exports to Spain of steel products from the other Member States. The Council noted that the Commission would rapidly be taking a decision on that request in accordance with Article 379 of the Accession treaty (which lays down that action is to be taken within 5 days).

MUTUAL RECOGNITION OF TYPE APPROVAL FOR TELECOMMUNICATIONS TERMINAL EQUIPMENT

The Council held an in-depth discussion on the points still outstanding with regard to the proposal for a Directive concerning the first phase of the establishment of the mutual recognition of type approval for telecommunications terminal equipment.

The proposal for a Directive covers the mutual recognition of conformity tests on terminal equipment and is therefore only the first stage in the achievement of a single market in this sector.

As regards the following phase, Article 8 of the proposal lays down that within a period of two years following adoption the Commission will submit further proposals covering, in particular, the implementation of mutual recognition of type approval for series-produced terminal equipment.

Today's discussions enabled some progress to be made on specific points; with regard to other points, the Council instructed the Permanent Representatives Committee to pursue its discussions actively in the light of the Council's deliberations.

PROGRAMMES FOR NON-ENERGY MINERAL RAW MATERIALS

The Council noted that two delegations were maintaining their reservations regarding the financial allocation of 10 MECU for four years for implementing this programme, the contents and implementing rules of which had been agreed in principle on 17 December 1984.

IMPROVING COMPETITIVENESS AND INDUSTRIAL STRUCTURES IN THE COMMUNITY

The Council took note of a statement by Vice-President NARJES in which he presented the Commission communication of 25 February on improving competitiveness and industrial structures in the Community.

Senior officials with responsibility for industry will continue the examination of this important communication with a view to giving the Commission positive guidelines for formulating specific proposals to be submitted to the Council.

INDUSTRIAL DEVELOPMENT IN PORTUGAL

The Council took note of a statement by the Portuguese Minister which emphasized the importance his Government attached to the memorandum it recently sent to the Commission on special measures for the industrial development of Portugal in accordance with Protocol No 21 and the Declaration on the adaptation and modernization of the Portuguese economy, annexed to the Accession Treaty. The Commission stated that it would examine the communication very attentively with a view to submitting appropriate proposals to the Council.

PROPOSAL FOR A COUNCIL DIRECTIVE ON THE LEGAL PROTECTION OF ORIGINAL TOPOGRAPHIES OF SEMI-CONDUCTOR PRODUCTS

The Presidency and the Commission indicated that their aim was to have this Directive adopted in June 1986 by the Council of Ministers of Industry. To achieve this aim the Presidency has established a very tight time schedule for meetings of the competent bodies responsible for this file.

Without a convergent development of national protection systems, serious obstacles and barriers to trade between Member States will be created for enterprises which depend largely on the Community's internal market in order to recover the large investment required for the development of sophisticated "chips". The importance of urgent action is reinforced by the need to provide a protection system within the European Community which could satisfy the requirements for reciprocity laid down in the United States' legislation as a prerequisite for the protection of "chips" of EEC industries on the US market. The provisional protection granted by the US to the Community's industry will need to be prolonged in September 1986 but in no circumstances may be prolonged beyond November 1987. After that date, protection in the US will depend on the existence of laws in each Member State giving effective legal protection to semi-conductor topographies including those developed by producers of US nationality.

Ministers were consequently requested to take measures in order to ensure that the aim of the Presidency and the Commission be fulfilled.

VARIOUS DECISIONS

Trade questions and customs union

The Council adopted in the official languages of the Communities the Regulations:

- amending, with regard to subheading ex 54.03 B I a), Regulation (EEC) No 1736/85 temporarily suspending the autonomous Common Customs Tariff duties on certain industrial products;
- on the rules of origin for trade between Spain and Portugal in the period during which the transitional measures are applied;
- extending the provisional anti-dumping duty on imports of copper sulphate originating in Yugoslavia.

The Council also adopted in the official languages of the Communities the Decision authorizing the Commission to negotiate with Austria, Finland, Iceland, Norway, Sweden and Switzerland an agreement on the introduction in trade between the Community and these countries of a single administrative document in place of the existing declarations.

Food aid

The Council adopted the position to be taken by the Community at the WFP Pledging Conference on 4 March 1986.

Relations with the ACP States and the OCT

Pending completion of the ratification procedures necessary for the entry into force of the third ACP-EEC Convention of Lomé, the Council approved a set of provisions concerning transitional measures for the period from 28 February 1986 ⁽¹⁾ until the entry into force of the new Convention, and until 30 June 1986 at the latest, and the provisional arrangements applicable to trade with Spain and Portugal, namely:

- Draft Decision of the ACP-EEC Council of Ministers on transitional measures to apply from 1 March 1985;
- Regulation concerning the renewal of Decision No 2/85 of the ACP-EEC Council of Ministers on transitional measures to apply from 1 March 1985;
- Decision on the association of the overseas countries and territories with the European Economic Community;
- Decision of the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, opening tariff preferences for products within the province of that Community and originating in the overseas countries and territories associated with the Community;
- Regulation establishing provisional arrangements for trade between the Kingdom of Spain and the Portuguese Republic and the ACP States;
- Decision establishing the arrangements applicable to trade between the Kingdom of Spain and the Portuguese Republic and the overseas countries and territories (OCT);
- Decision of the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, establishing provisional arrangements for trade between the Kingdom of Spain and the Portuguese Republic and the African, Caribbean and Pacific States in products within the province of that Community;
- Decision of the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, establishing the arrangements applicable to trade between the Kingdom of Spain and the Portuguese Republic and the overseas countries and territories in products falling within the province of that Community;
- Regulation extending the period of validity of Regulation (EEC) No 486/85 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the ACP States or in the OCT.

⁽¹⁾ The transitional measures introduced as from 1 March 1985 expired on 28 February 1986.

Social Affairs

The Council took note of the thirteenth annual report on the European Social Fund (1984) and of the comments on it by the delegations and the Commission representative.

ECSC

The Council gave assents under Article 95 of the ECSC Treaty to the draft Commission Decisions amending for the fifth and sixth times Decision 3717/83/ECSC introducing for steel undertakings and steel dealers a production certificate and an accompanying document for deliveries of certain steel products.

The Council adopted in the official languages of the Communities the Decision of the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, on uniform application of the customs nomenclature.

Finally, the Council gave its assent under the second paragraph of Article 54 of the ECSC Treaty to the granting of a global loan to Investors in Industry Group PLC, London.

Appointments

On a proposal from the Netherlands Government, the Council appointed Mr C.J. VAN DEN BERG a member of the Advisory Committee on Social Security for Migrant Workers, in place of Mr L. VOOGD, member, who has resigned, for the remainder of the latter's term of office, which runs until 27 November 1987.

The Council also appointed, on a proposal from the French Government, Mr Jean-Louis DEVAUX an alternate member of the Advisory Committee on Vocational Training, in place of Mr A. BRUYERE, alternate member, who has resigned, for the remainder of the latter's term of office, which runs until 14 July 1987.

Brussels, 28 February 1986
Note Bio (86)56 aux Bureaux Nationaux
c.c. aux membres du SPP
RENDEZ-VOUS DU MIDI (Etienne Reuter)

433

The Spokesman presented the draft agenda of the Industry Council on 3 March 1986 in which three Members of the Commission, Lord Cockfield, Mr Narjes and Mr Sutherland will take part. COREPER has not yet finalised the agenda. The following items are likely to be discussed by the Ministers.

1. State aids for shipbuilding - this will be a general preliminary tour de table in view of the fact that the fifth directive expires at the end of this year. There will be no paper.
2. Loans for exploration of non-energy minerals. The proposal aims to improve the Community's level of self-sufficiency in raw materials. It is unlikely to produce a conclusion at this meeting.
3. Mutual recognition of type approval of telecommunications terminal equipment. Although the issue is of utmost relevance to the creation of a genuine common market in telecommunications a number of difficulties appear to jeopardize the prospect for a positive outcome. Among them the status and procedures of the consultative committee which should give advice to assist the day to day implementation of the directive.
4. Legal protection of micro-processors. The Commission's proposal aims at ensuring that the legal protection in this field is given in every Member State in accordance with common principles. This is necessary in order to enable the Community to negotiate with the United States the application of the semi-conductor Chip Protection Act (1984). Under this act the US extend to foreign manufacturers the same degree of protection as a US product gets in the manufacturer's country. We have at present an interim arrangement with the US which expires in September and we need a common front before then. The Council is expected to revert to this matter in June.
5. Deliveries of steel products to Spain from other Member States. A recent dramatic surge in this trade creates a problem.

The Spokesman also drew attention to the entry into force of the Common Agricultural Policy's interventin prices for Spain and Portugal from 1 March 1986 onwards.

MATERIEL DIFFUSE

Calendrier

IP 77 Entree en vigueur franchise voyageurs pour Espagne et Portugal

IP 97 Aide medicale urgence Somalie

IP75 Declaration Pres. Delors resultat ref. danois.

MEMO 25 Pays du Golf

IP 99 Programme formation jeunes cadres au Japon

Statistiques EUROSTAT

Amities,

H. PAEMEN / comeur////

M.O. &

Note Bio(86)58 aux Bureaux Nationaux
cc. aux membres du Service du Porte-Parole

INDUSTRY COUNCIL, 3 MARCH 1986 (Etienne Reuter)


The first substantial item on the agenda concerned aids to shipbuilding in the Community. In view of the Fifth Directive's expiry at the end of 1986 the Council had a preliminary exchange of views on the possible legal framework to succeed the Directive which had been extended twice in 1982 and in 1984. The Commission did not table a document but Mr Sutherland told the Council that, as the crisis affecting shipbuilding in the Community was by no means over, the proposals which the Commission would submit to the Council in June would be primarily concerned with guaranteeing complete transparency (all forms of government assistance direct as well as indirect must be revealed) and with pursuing the restoration of the competitiveness of European industry (continuation of restructuring efforts and consolidation of sacrifices already made). At the same time the Commission would wish to open up the Community's market to competition from yards in all Member States. On the external front the Commission would promote a tougher Community stance vis-a-vis our trading partners such as Japan and Korea which did not appear to take their full burden in sharing structural adjustments and were responsible for systematic predatory undercutting of prices.

The Dutch Delegation had circulated a memorandum which emphasized the need to reduce Government subsidies and advocated opting out of the building of big vessels. They welcomed Mr Sutherland's ideas and urged the Council to reach decisions before the expiry of the Fifth Directive. Denmark confirmed its opposition to State aids. She criticized the Commission for having permitted an increase in State aids to shipbuilding in some Member States in 1985. This had caused serious detriment to Danish yards some of which had been forced to close.

The UK referred to the privatization policy which had resulted in significant closures. She felt there was no merit in abandoning large shipbuilding to the Far East. On the contrary the Commission should maintain a strong negotiating position on that front as well as in OECD. The UK was opposed to State aids to shipbuilding as a matter of principle. Such aids could only be justified as a protection against the predatory policies of the Far Eastern yards. Germany stated its position in favour of as early as possible phasing out of production subsidies. Restructuring must continue. Under no circumstances should Government assistance be allowed to pervert the repair sector. The Delegation also addressed itself to the Home Credit Scheme project i.e. subsidies for owners on Community defined terms, and thoroughly dismissed the idea. The Italian Delegation said that without subsidies the industry would die and this was not acceptable. The Commission ought to come up with a long-term strategy. Belgium was in favour of gradual reduction of aids. France supported Mr Sutherland's statement and said that the Commission must apprehend all forms of aids whether direct or indirect. The Commission also ought to promote a genuine internal market for shipbuilding. Portugal pointed out that its industry was in a deep crisis and would need subsidies in the future on the terms of Articles 4 and 5 of the current directive. Spain referred to its own restructuring programmes

which had cut back building capacity from 1 million CGRT (the biggest in the Community) to half a million with significant loss of jobs (12 000). Spain felt that the general reasons invoked by the Commission in 1984 when proposing the prolongation of the Directive were still valid. Greece made a more optimistic statement referring to the reduction of world oil prices and felt that the Commission should come forward with a plan to improve the competitiveness of European industry.

Mr Sutherland thanked the delegations for their comments. He warned against illusion of stemming international competition through State aids which would only lead to a considerable waste of resources. The Council deferred the matter until June.

Regards 
H. PAEMEN, COMEUR//X/

Bruxelles, le 3 mars 1986
Note BIO(86) 58, suite 1 aux Bureaux Nationaux
cc. aux membres du Service du Porte-Parole

ACIER : les Dix font un geste a l'egard de l'Espagne et du

Portugal (Willy HELIN)

Les livraisons de produits siderurgiques du Portugal et de l'Espagne vers les pays partenaires de la Communaute en 1986 pourront etre plus elevees que prevues.

Ainsi l'Espagne pourra vendre, cette annee, 850.000 tonnes de produits siderurgiques (au lieu de 827.500) et le Portugal 90.000 tonnes (au lieu de 80.000).

Ces decisions ont ete prises lundi a Bruxelles par les Ministres de l'Industrie de la CE.

Clause de sauvegarde demandee par Madrid

Cette decision intervient a un moment ou les autorites politiques de Madrid ont demande officiellement - lundi matin - au Vice-President Karl-Heinz NARJES de faire jouer la "clause de sauvegarde" prevue par le traite d'adhesion.

Cette requete a ete justifiee par le gouvernement espagnol en raison de l'accroissement spectaculaire des livraisons de produits siderurgiques des Dix vers l'Espagne au cours du mois de janvier.

Alors que la moyenne mutuelle de ces ventes en 1985 oscillait entre 110.000 et 120.000 tonnes, elles ont atteint plus de 200.000 tonnes en janvier 1986. Les chiffres cites par le Ministre Espagnol a l'industrie, le volume est de 261.000 tonnes pour la periode janvier 1986 et les dix premiers jours de fevrier.

M. Narjes a indique au Conseil (a noter que la decision revient a la Commission seule!) qu'il proposerait RAPIDEMENT a ses collegues (sans doute deja ce mercredi) d'adopter, une serie de mesures, POUR LA SEULE ANNEE 1986, qui donne satisfaction aux autorites espagnoles.

A noter en effet que M. Narjes, contrairement aux souhaits du gouvernement espagnol, n'entend pas accorder le benefice de la clause de sauvegarde pendant 3 ans mais en 1986 seulement.

Amities,


H. PAEMEN, comeur////