

COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT

PRESS RELEASE

9567/86 (Presse 143)

1107th Council meeting

- Economic and Financial Affairs -

Luxembourg, 13 October 1986

President: Mr Nigel LAWSON  
Chancellor of the Exchequer  
of the United Kingdom

LIBRARY

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

Belgium:

Mr Mark EYSKENS Minister for Finance

Denmark:

Mr Jakob Esper LARSEN Ambassador,  
Permanent Representative

Germany:

Mr Gerhard STOLTENBERG Federal Minister for Finance  
Mr Hans TIETMEYER State Secretary,  
Federal Ministry of Finance

Greece:

Mr Yannis PAPANTONIOU State Secretary for Economic Affairs

Spain:

Mr Carlos SOLCHAGA CATALAN Minister for Economic Affairs  
and Finance

France:

Mr François SCHEER Ambassador,  
Permanent Representative

Ireland:

Mr John BRUTON Minister for Finance

Italy:

Mr Giovanni GORIA Minister for the Treasury

Luxembourg:

Mr Jacques SANTER Minister for Finance  
Mr Jacques POOS Minister for Economic Affairs

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Netherlands:

Mr C. MAAS

Treasurer-General,  
Ministry of Finance

Portugal:

Mr Victor COSTA MARTINS

State Secretary for European  
Integration

United Kingdom:

Mr Nigel LAWSON

Mr Peter BROOKE

Chancellor of the Exchequer  
Minister of State for the Treasury

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Commission:

Mr Jacques DELORS

Mr Henning CHRISTOPHERSEN

Mr Abel MATUTES

President

Vice-President

Member

BUDGETARY SITUATION: AGRICULTURAL EXPENDITURE

Following discussions on CAP expenditure, the President drew the following conclusions <sup>(1)</sup>:

- "1. The Heads of Government at the European Council in The Hague concluded that, taking into account the specific nature of the European agricultural model, the common agricultural policy must continue to be adapted to changing circumstances and that a better control of total production must be ensured so that it is better adjusted to the market situation.
2. There is general concern with the increasing burden placed on the Community budget as surpluses of agricultural produce and stocks accumulate. These surpluses and stocks are costly and contribute to a depression of world market prices. Agricultural market support expenditure threatens to exceed the 1987 draft budget figure unless further decisions on the operation of the market regimes are taken in the near future. The Commission has recently put forward proposals for such changes in some of the sectors which are in structural surplus, on which early decisions will be required, and has indicated that further initiatives will be taken.
3. With a view to bringing expenditure under better control and to avoid the production of surpluses for which markets cannot be found and to opening the way for a more structured approach to disposal of existing stocks forthcoming policy decisions should, while respecting the principles set out in Article 39 of the Treaty, have regard to the following principles:
  - (i) Community support prices should more closely reflect supply, demand and market conditions, especially in sectors where there is surplus production;
  - (ii) the intervention system should operate according to its intended role, as a safety net to support the market at times of particular pressure and not as a standard alternative marketing outlet;
  - (iii) price support policies should wherever possible be flexibly operated so that commercial risks are not borne in their entirety through public finance."

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<sup>(1)</sup> Two delegations expressed a reservation on point 3 of these conclusions.

NCI IV: FINANCING OF THE INVESTMENTS OF SMALL AND MEDIUM-SIZED  
UNDERTAKINGS

The Council examined whether the operations proposed by the Commission to assist SMUs should be conducted by renewing the NCI mechanism or entrusted to the European Investment Bank.

The Council asked the Permanent Representatives Committee to continue discussions on the subject so as to enable the Council to take a decision at its ECO/FIN meeting in November.

MISCELLANEOUS DECISIONS

Export credits

The Council adopted in the official languages of the Communities the Decision extending the Decision of 4 April 1978 on the application of certain guidelines in the field of officially supported export credits.

This Decision entails Community approval of a consolidated text prepared by Participants in the Arrangement on export credits containing all the amendments agreed by the Participants since the entry into force of the Arrangement on 4 April 1978 and the text of certain specific sector understandings (export credits for ships, nuclear power stations and civil aircraft).

It is applicable until 15 April 1987.

ECSC

Council assent pursuant to Article 56(2)(a) of the ECSC Treaty was given in respect of the following:

- Istituto Bancario S. Paolo di Torino (Italy)
  - Royal Bank of Scotland (United Kingdom)
  - Investors in Industry Group Plc (United Kingdom)
  - Barclays Bank Plc (United Kingdom)
  - Mediocredito Lombardo, Milan (Italy)
  - Bank of Scotland (United Kingdom)
  - Tetra Pak Wrexham Ltd (United Kingdom)
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