

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

5133/90 (Presse 28)

1391st Council meeting
- Economic and Financial Affairs -
Brussels, 12 March 1990

President: Mr Albert REYNOLDS
Minister for Finance
of Ireland

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Ireland:

Mr Albert REYNOLDS	Minister for Finance
Mrs Marie GEOGHEGAN-QUINN	Minister of State, European Affairs

Italy:

Mr Guido CARLI	Minister for the Treasury
Mr Rino FORMICA	Minister for Finance

Luxembourg:

Mr Joseph WEYLAND	Ambassador, Permanent Representative
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Netherlands:

Mr W. KOK	Minister for Finance
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Portugal:

Mr Miguel BELEZA	Minister for Finance
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United Kingdom:

Mr John MAJOR	Chancellor of the Exchequer
Mr Richard RYDER	Economic Secretary to the Treasury

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Commission:

Mr Jacques DELORS	President
Mr Henning CHRISTOPHERSEN	Vice-President
Mr Peter SCHMIDHUBER	Member
Mrs Christiane SCRIVENER	Member

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Also present:

Mr Mario SARCINELLI	Chairman of the Monetary Committee
Mr Bernhard MOLITOR	Chairman of the Economic Policy Committee

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ECONOMIC AND MONETARY UNION - STAGE ONE

After receiving the Opinions of the European Parliament, and on the basis of the Commission's amended recommendation/proposal, the Council adopted the two Decisions

- amending Decision 64/300/EEC on co-operation between the Central Banks of the Member States of the European Economic Community;
- on the attainment of progressive convergence of economic policies and performance during stage one of Economic and Monetary Union.

The first of these Decisions increases the responsibilities and the role of the Committee of Governors of the Central Banks of the Member States of the European Communities, whose task is defined as follows:

- to hold consultations concerning the general principles and the broad lines of policy of the Central Banks, in particular as regards credit, money and foreign exchange markets as well as issues being within their competence and affecting the stability of financial institutions and markets;
- to exchange information regularly about the most important measures that fall within the competence of the Central Banks, and to examine those measures. The Committee shall normally be consulted in advance of national decisions on the course of monetary policy, such as the setting of annual domestic monetary and credit targets;

- to promote the co-ordination of the monetary policies of the Member States with the aim ensuring price stability which is a necessary condition for the proper functioning of the European Monetary System and the realization of its objective of monetary stability;
- to formulate opinions on the overall orientation of monetary and exchange rate policy as well as on the respective measures introduced in individual Member States;
- to express opinions to individual Governments and the Council of Ministers on policies which might affect the internal and external monetary situation in the Community and, in particular, the functioning of the European Monetary System.

The second Decision introduces multilateral surveillance in order to help to achieve sustained non-inflationary growth in the Community, together with a high level of employment and the degree of economic convergence necessary for the success of Stage One of EMU, in the perspective of the completion of the Internal Market and in the context of economic and social cohesion. In this context it will apply the following principles: price stability, sound public finances and monetary conditions, sound overall balances of payments and open, competitive markets. It will examine at least twice a year:

- the economic conditions, prospects and policies in the Community and its Member States;
- the compatibility of policies within Member States and in the Community at large;
- the external economic environment and its interaction with the economy of the Community.

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Multilateral surveillance will cover all aspects of economic policy in both the short-term and medium-term perspectives.

Concerning the procedures to be followed in undertaking multilateral surveillance, the Council took note of the opinions of the Committee of Governors of the Central Banks, the Monetary Committee, and the Economic Policy Committee on the suggestions put forward by the Presidency at the ECOFIN meeting on 12 February.

The Council agreed to give its consideration to these views and return to them at a forthcoming ECOFIN meeting.

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During lunch Mr WAIGEL gave his colleagues a progress report on the establishment of an Economic and Monetary Union between the two Germanies.

The Ministers then held an exchange of views on that subject.

REVISION OF THE FINANCIAL PERSPECTIVE

On the basis of the Commission proposal submitted to the two arms of the budgetary authority on the revision of the financial perspective, and in application of the provisions of the Interinstitutional Agreement of 29 June 1988, the Council held an extensive discussion with a view to the impending negotiations on the matter with the European Parliament.

The discussion enabled guidelines to be worked out so that the Presidency could open those negotiations.

As regards additional appropriations for Central and Eastern Europe, the guidelines follow the Commission proposals; however, as regards the amounts for "other policies", internal or external, the Council was able to follow the Commission's lead only in part.

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In this connection, the Council also took note of the Commission communication on the annual technical adjustment of the financial perspective to take account of movements in GNP and prices made by the Commission in application of paragraph 9 of the Interinstitutional Agreement of 29 June 1988.

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EC BUDGET FRAUD

At the Council meeting on 13 march 1989 concerning the problem of fraud and irregularities committed against the European Communities, the Commission undertook to present an annual report on action take to combat fraud.

The Council held a discussion on the first report on combating fraud, submitted by the Commission on 1 February 1990.

The discussion gave Ministers the opportunity to stress once again the importance attached by them to this matter and to take note of the progress achieved during 1989 in combating fraud, while emphasizing that much remained to be done within the Commission's action programme.

The Council reaffirmed its desire for a stepping-up of measures to combat fraud, mentioning inter alia the need to simplify legislation and the importance of continuing to improve and increase co-operation between the authorities of the Member States and the Commission's departments.

BUDGET DIFFICULTIES- Report by the Court of Auditors 1988

The Council heard a contribution from Mr Aldo ANGIOI, President of the Court of Auditors, setting out the salient points of the Annual Report of the Court on the implementation of the general budget of the European Communities for the financial year 1988.

At the end of the exchange of views that followed Mr ANGIOI's contribution, the President of the Council thanked the Court of Auditors and its President for the extremely valuable work done by them in the inspection of the management of Community public funds.

- Discharge to the Commission for the budget for the financial year 1988

The Council subsequently adopted the recommendation to be made to the European Parliament for the discharge to be given to the Commission in respect of the implementation of the budget for the financial year 1988.

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TAX HARMONIZATION

The Council took note of a communication from Commissioner Mrs SCRIVENER in reply to concern expressed by the United Kingdom delegation regarding the Commission's intentions in the area of indirect taxation, following conclusions reached by the Council on this subject during the last few months of 1989.

Mrs SCRIVENER said in particular that by the end of April the Commission would be submitting proposals concerning transitional VAT arrangements and special arrangements for cars and mail-order purchases, including statistical aspects. Other proposals would follow before the end of the Irish Presidency, concerning in particular the movement of goods subject to excise duty.

OTHER DECISIONS

Taxation

The Council adopted the decision authorizing the United Kingdom to apply a measure derogating from Articles 5(8) and 21(1)(a) of the Sixth Directive (77/388/EEC) on the harmonization of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment.

This derogation, which was granted to the United Kingdom with effect from 1 April 1990 until 31 December 1992 in order to prevent certain forms of tax avoidance, enacts that a transfer of property is deemed to have taken place where certain assets are transmitted within a totality of assets to a company which is a member of a group of enterprises considered to be a single taxable person within the meaning of Article 4(4) of the Sixth VAT Directive, and which as a member of such a group is not entitled to deduct taxes in full.

Customs Union

The Council adopted the Regulation opening and providing for the administration of Community tariff quotas for quality wines produced in the specified regions of Jerez, Malaga, Jumilla, Priorato, Rioja and Valdepeñas (1990/1991).

Textiles

The Council

- authorized the Commission to open negotiations with Hungary and Poland on the modification of the textile agreements with those two countries;

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- adopted the decision on the provisional application of an Agreed Minute amending the Agreement between the European Economic Community and Hong Kong on trade in textile products, pending the conclusion of the Agreement.

Fisheries

The Council adopted the Regulation establishing, for the period from 1 March to 30 June 1990, certain measures for the conservation and management of fishery resources applicable to vessels flying the Japanese flag in waters falling under the sovereignty or jurisdiction of Portugal.

The purpose of this Regulation is to reduce for this year the maximum number of vessels fishing with long lines to 10, and to limit the total catch of all the long-liners to 80 tonnes of bluefin tuna.

In exchange, Japan will make a contribution to a scientific and technical co-operation programme in aid of the Portuguese coastline.

Appointment

Following a proposal by the Spanish Government, the Council appointed Don Angel PANERO FLOREZ as a member of the Economic and Social Committee, to replace Mr Federico RIERA-MARSA LLAMBI for the remainder of the latter's term of office, until 20 September 1990.

Bruxelles, le 9 mars 1990K.

**NOTE BIO(90) 67 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

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Conseil Eco-Fin du 12 mars 1990 (H. Lohan)

Le Conseil procédera à un débat sur la proposition de révision des perspectives financières. Pour l'essentiel, elle prévoit pour la période jusqu'à 1992 un relèvement des ressources pour

- les actions en faveur des pays de l'Europe centrale et orientale;
 - les actions en faveur des pays de la Méditerranée, de l'Asie et de l'Amérique latine;
 - certaines actions prioritaires dans le cadre de l'Acte unique;
- ainsi qu'un éclatement de la rubrique "autres politiques" pour créer une nouvelle rubrique "politiques extérieures".

Le Conseil semble s'orienter vers l'acceptation du principe d'une augmentation des montants destinés à ces trois domaines d'action. Il pourrait même se mettre d'accord sur les montants proposés pour la première corbeille (Europe de l'Est). Il y a, toutefois, certaines réserves sur l'opportunité de présenter les montants destinés aux politiques extérieures dans une rubrique séparée.

Sur d'autres points, le Conseil adoptera une déclaration dans le cadre de la lutte contre la fraude par laquelle il prendra acte du rapport de la Commission et des progrès réalisés en 1989, ainsi qu'une recommandation adressée au Parlement européen en vue de permettre à celui-ci de donner décharge à la Commission sur l'exécution du budget 1988.

Amitiés,
Bruno DETHOMAS



Bruxelles, le 9 mars 1990

NOTE BIO(90) 67 (suite 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

RENDEZ-VOUS DE MIDI DU 9 MARS (S. SONDERGAARD)

PREPARATION DU CONSEIL ECO/FIN DU 12 MARS

The ECO-FIN ministers will over lunch have a presentation by Mr CHRISTOPHERSEN on the latest developments in the setting up of the European Bank of Reconstruction and Development. The final preparatory work is to be finished this week-end and there seems to be almost agreement on a compromise also on the Russian problem. (Should the USSR be eligible for loans or should it only participate as shareholder).

Other questions still to answer:

To what extent can the Bank finance Infrastructure projects instead of sticking to private industry?

Should there be an element of subsidy in the loans or should they be on a strictly commercial basis?

Finally, there is still no agreement on the seat of the Bank or of the President.

It is likely that the political decision on the setting up of the Bank can be taken end of April.

The ECO-FIN ministers will also have the latest information on the GEMU during lunch, given by the German minister.

The final adoption on the two revised proposals for stage 1 of the EMU (economic convergence and co-operation between central banks) will take place after lunch and finally there will be two declarations from the President of the Monetary Committee and the President of the Economic Policy Committee on the system of multilateral surveillance.

No debate is foreseen on this last point on Monday.

MATERIEL DIFFUSE :

Calendrier

- IP 193 - EC unemployment falls to 8.6%
- IP 194 - Visit of Vice-President ANDRIESEN in Geneva
(note publié hier)
- IP 195 - Résumé discours Sir Leon BRITTAN à Paris
- IP 196 - Résumé discours M. BANGEMANN sur unification
allemande à Berlin

IP 197 - Commission of the European Communities Grants
to N. Ireland, UK of ECU 167.96 million from
the European Social Fund

IP 198 - Réunion informelle ministres du tourisme

Affaire "Hormones": conclusions avocat général

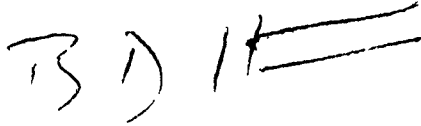
(petite note ci-inclus)

Calendrier Cour de Justice

Statistique Chômage

Regards,

B. DETHOMAS

Handwritten signature of B. Dethomas, consisting of stylized initials 'B D' followed by a vertical line and two horizontal lines.

Bruxelles, le 12 mars 1990

NOTE BIO (90) 67, suite 1, AUX BUREAUX NATIONAUX
CC AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO/FIN DU 12 MARS 1990 (H. Lohan)

Suite à un débat sur la proposition de révision des perspectives financières le Conseil a déterminé des orientations auxquelles devra se tenir la présidence lors des négociations avec le Parlement Européen et la Commission.

Les éléments principaux en sont les suivants:

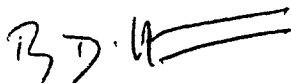
- Le Conseil reconnaît le principe d'une augmentation des plafonds des perspectives financières et il considère appropriés les montants proposés par la Commission pour l'aide en faveur des pays de l'Europe centrale et orientale (1991: 850 MECU, 1992: 1000 MECU).
- Le Conseil n'a pas suivi la proposition de la Commission visant à scinder de la rubrique "autres politiques" des perspectives financières une nouvelle rubrique "politiques extérieures". Le Conseil a préféré isoler les montants destinés aux pays de l'Europe orientale et occidentale dans une sous-catégorie de la rubrique "autres politiques" actuelle.
- Pour ce qui est des actions en faveur des pays de la Méditerranée, de l'Asie et de l'Amérique Latine, et des actions prioritaires dans le cadre de l'Acte Unique, la position du Conseil se situe bien en deça des propositions de la Commission. Celle-ci avait proposée des augmentations des dépenses non obligatoires dans l'ordre de 310 MECU en 1991 et 570 MECU en 1992 pour les deux domaines pris ensemble. Les chiffres retenus par le Conseil sont respectivement de 140 MECU et 280 MECU, sans ventilation plus détaillée.

M. Schmidhuber a rappelé au Conseil que les demandes du Parlement vont beaucoup plus loin. La position du Conseil pourrait susciter la forte opposition du Parlement et ainsi retarder l'adoption des perspectives financières révisées.

La Commission avait proposé d'utiliser en 1992 une partie (350 MECU) de la réduction des dépenses de destockage dans la rubrique "remboursement et administration" pour augmenter les ressources disponibles aux dépenses administratives, qui autrement seraient inférieures aux crédits de l'année précédente. Le Conseil s'est mis d'accord d'inclure dans sa position de négociation un montant de 170 MECU seulement.

Le Conseil a aussi adopté une déclaration sur la lutte contre la fraude par laquelle il prend acte du rapport de la Commission et des progrès réalisés en 1989. Finalement il a adressé une recommandation au Parlement européen en vue de permettre à celui-ci de donner décharge à la Commission sur l'exécution du budget 1988.

Amitiés,
B. Dethomas



bruxelles, le 13 mars 1990

NOTE BIO (90) 67 (suite 2) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Conseil ECOFIN du 12 mars 1990 (G. Guarneri)

Points divers : FISCALITE INDIRECTE

En répondant à une question de la délégation britannique, Mme Scrivener a souligné que

"Comme indiqué par lettre à chaque ministre et au Parlement européen, il y a quelques jours, la Commission partage tout à fait le point de vue selon lequel il y a maintenant urgence dans le domaine de la fiscalité indirecte.

Les propositions initiales de la Commission dans le domaine de l'abolition des frontières fiscales datent d'août 1987. De nouvelles orientations complémentaires ont été proposées par la Commission en mai 1988. Le Conseil a arrêté de premières orientations à la fin de 1989.

L'objectif de la Commission est aujourd'hui de déposer une première série de propositions à la fin du mois d'avril. Ces propositions porteront notamment sur le régime de TVA applicable après 1992, y compris les régimes particuliers prévus pour les ventes d'automobiles et les ventes par correspondance et sur les aspects statistiques.

Ensuite, d'ici la fin de la présidence irlandaise, il y aura d'autres propositions, notamment en ce qui concerne la circulation des produits soumis à des droits d'accise.

C'est un calendrier très serré, la Commission fera tout pour le respecter.

La Commission souhaite également que le Conseil et le Parlement se prononcent sans délai sur les propositions en cours. C'est une question générale de crédibilité au plan communautaire.

En ce qui concerne les travaux au Conseil, le calendrier établi par la présidence irlandaise est satisfaisant. Pour le moment, la Commission insiste tout particulièrement sur deux points :

- les franchises-voyageurs : la suppression de toute limitation aux achats des particuliers au 31 décembre 1992 fait toujours l'objet d'une réserve. Par ailleurs, la Commission a proposé un relèvement progressif des franchises-voyageurs d'ici 1992, ce qui est très important pour l'Europe des citoyens.

- le rapprochement des taux en matière de droits d'accise : les nouvelles propositions de la Commission, qui datent d'octobre dernier, devront être examinées par le Conseil dès que possible."

Amitiés,

M. BERENDT



Strasbourg, 13 March 1990

NOTE BIO (90) 67 suite 3 AUX BUREAUX NATIONAUX
CC: AUX MEMBRES DU SERVICE PORTE-PAROLE

ECO/FIN COUNCIL - 12 MARCH 1990 (S. SONDERGAARD)

As foreseen, the ECO/FIN Council adopted without any comments or discussion the two Commission proposals for the stage one of the EMU. At the press conference after the meeting, Vice-President Christophersen welcomed the adoption of the two proposals in due time for stage one of the EMU to enter into force on 1 July this year as foreseen.

Mr. Christophersen also underlined the other important steps of capital liberalisation taken by member states to enable the EMU to function from the 1st July (see IP 199 of 12 March).

'After the entry of the Peseta into the MES and the narrowing of the margin of the Italian Lire, we are now only waiting for the entry of the Pound' said Mr. Christophersen.

On the further work on the EMU, Mr. Christophersen told the press that the Commission in its meeting today is continuing its discussions on a paper to be handed over to the Irish Presidency to prepare for the discussion at the informal ECO/FIN meeting at Ashford Castle on the 31 March and 1 April 1990.

Mr. Christophersen refrained from giving details or figures from the paper, but told the press that three main questions are dealt with in the paper:

- 1) the cost and benefits of the EMU;
- 2) the alternatives to the Delors Report presented;
- 3) the design and functioning of the EMU.

The Commission intends to present a complete report before the end of June covering all aspects of the EMU in order for the Irish Presidency to conclude that all the necessary preparatory work for the inter-governmental conference on the EMU to be called in December has been completed. On questions of German reunification, Mr. Christophersen confirmed that the Commission is examining the macroeconomic effects on the Community as a whole of such a reunification. Vice-President Christophersen said that before knowing the exact nature of the German reunification it is almost impossible to produce any final figures.

Mr. Christophersen did, however, tell the press that if everything goes well, the preliminary estimates made by the services of the Commission show a higher growth rate for the Community in 1991 and 1992 due to the increased growth in Germany. The growth rates for the Community could reach 3 and a half percent in 1991 and 4.0 in 1992, Mr. Christophersen said.

Regards,
B. Dethomas

