



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

7215/88 (Presse 104)

1255th Council meeting
- Industry -
Luxembourg, 24 June 1988

President:

Mr Martin BANGEMANN

Federal Minister for Economic Affairs
of the Federal Republic of Germany

Luxembourg:

Mr Johny LAHURE

State Secretary for Economic
Affairs

Netherlands:

Mr R.W. DE KORTE

Minister for Economic Affairs

Portugal:

Mr Antonio José FERNANDES DE SOUSA

Secretary of State for Industry

United Kingdom:

Mr Kenneth CLARKE

Secretary of State for Trade and
Industry

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Commission:

Mr Karl-Heinz NARJES

Vice-President

Mr Peter SUTHERLAND

Member

IRON AND STEEL POLICY - CONCLUSIONS OF THE COUNCIL

1. At its meeting today the Council took note of the Commission's comments on the improvement of the market situation, particularly with regard to flat-rolled products.
2. It was informed by the Commission that the reduction of capacity requested on 22 December 1987 had not been achieved in any category and that in various cases no adequate guarantees of closures had been given.
3. The Council in consequence took note that the Commission wants the quota system for all products to expire on 30 June 1988. There was no possibility of a unanimous decision of the Council to change that position of the Commission.
4. The Council assumes from what the Commission has said that the Commission, to make it easier for undertakings to adjust to possible changes in demand and to be in a position if necessary to accompany the adaptation process with additional measures under the ECSC Treaty, will continue
 - to establish the monthly statistics on production and deliveries on the basis of Article 47,
 - regularly to monitor the development of the market in the products subject to statistics in the context of the advance estimate programmes based on Article 46 and

- regularly to discuss the current situation with those concerned, especially the smaller companies, in order to analyse the market situation and ascertain market trends.

However, the Council underlines that nobody may use the monitoring system to contravene Article 65 of the ECSC Treaty.

The Commission will keep the Council informed about significant changes in the market.

5. The Council again expresses its concern that the problems of the Italian state steel industry have not yet been resolved. It has nonetheless taken note that the Commission received the restructuring plan of the Italian Government a few days ago. It accordingly requests the Commission to give its opinion of it as soon as possible.
6. It welcomes the fact that the Commission will be making a proposal for the extension of the aids code which expires on 31 December 1988 (Decision No 3484/85/ECSC).
7. The Council again stresses the need for the restructuring process to continue to be accompanied by social measures. It hereby refers this part of the Commission communication to the Permanent Representatives Committee for further urgent discussion and states that it is willing, subject to the Opinions of the Parliament and the Economic and Social Committee and in accordance with its conclusions of 22 December 1987, to embark on an examination of the Commission proposal for a Council act on the payment of a contribution from the general budget of the European Communities to the European Coal and Steel Community for the financing of the social measures connected with the restructuring of the iron and steel industry.

8. The Council agrees with the Commission in attributing special importance to the accompanying measures. It accordingly endorses the principles defended by the Commission in connection with foreign trade policy and research policy. The Council also welcomes the speedy processing of the RESIDER programmes by the Commission.

The Council will deal with these problems at its next meeting.

I. IMPLEMENTATION OF THE CONCLUSIONS OF THE EUROPEAN COUNCIL

Following the consensus reached in the General Affairs Council on the series of texts submitted to it in connection with implementation of the conclusions of the Brussels European Council on 11 and 12 February 1988, and after completion of all the preliminary procedures for the formal adoption of those texts - in particular the conducting and concluding of a conciliation procedure with the European Parliament on 20 June 1988 concerning the dossier as a whole - the Council formally adopted the following measures:

Own resources

- a Decision on the system of the Communities' own resources;
- implementing arrangements concerning the calculation, financing, payment and entry in the budget of the correction of budgetary imbalances;
- a draft supplementary and amending budget for 1988;
- an Intergovernmental Agreement providing for the payment of sums required to balance the general budget of the European Communities for the financial year 1988 - confirmation of the revised figures.

Budgetary discipline

- a Decision concerning budgetary discipline
- and
- a Decision to publish the text of the inter-institutional agreement on budgetary discipline and improvement of the budgetary procedure already approved by the European Parliament and the Council.

Financial Regulation

- a Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities;

Financial measures relating to agriculture

- a Regulation amending Regulation (EEC) No 729/70 on the financing of the Common Agricultural Policy;
- a Regulation amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section;
- a Regulation on the grant of financial compensation to the Kingdom of Spain and the Portuguese Republic following the depreciation of certain stocks of agricultural products;

Structural measures

- a Regulation on the tasks of the Structural Funds and their effectiveness and on co-ordination of their activities between themselves and with the operations of the EIB and the other existing financial instruments;
- a Regulation on financial support for Portugal for a specific industrial development programme (PEDIP);

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At the same time the Council agreed to the draft Directive on the harmonization of the compilation of GNP at market prices. The formal adoption of this draft will take place as soon as the Decision on own resources enters into force.

II. MISCELLANEOUS DECISIONS

Liberalization of capital movements

The Council adopted:

- a Directive for the implementation of Article 67 of the Treaty (liberalization of capital movements);
- a Regulation establishing a single facility providing for medium-term financial support for Member States' balances of payments.

(see ECO/FIN Council press release No 6848/88 Presse 83 of 13 June 1988).

Environment

The Council adopted the Decisions concerning a supplement to Annex IV to the Convention for the protection of the Rhine against chemical pollution in respect of

- mercury originating in sectors other than the chlor-alkali electrolysis industry;
- carbon tetrachloride.

Tariff quotas

The Council adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for certain wines having a registered designation of origin and originating in Morocco (1988/1989).

The Council also adopted:

- a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia originating in the African, Caribbean and Pacific States (ACP)(1988/1989);
- a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arrack and tafia originating in the Overseas Countries and Territories associated with the European Community (OCT) (1988/1989).

Agricultural policy

The Council adopted a Directive amending Directive 66/403/EEC on the marketing of seed potatoes.

The purpose of the amendment is to extend the derogations allowing Greece, Italy and Portugal to import seed potatoes from Canada and Poland.

PRIERE DE FAIRE LA DISTRIBUTION A PARTIR DE BRUXELLES

**NOTE BIO (88) 222 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

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INDUSTRY COUNCIL (24/6/88)

The Industry Council meeting this morning in Luxembourg with Mr Bangemann in the chair decided to end the article 58 quota system. Mr Narjes confirmed that it was no longer possible to talk about a manifest crisis. Categories 1 and 2 (flat products) showed record production figures and the industry had failed to come forward with the capacity reduction commitments which the Commission had requested in order to be able to justify a possible extension of the quota system.

Mr Narjes emphasized that the Commission would continue to protect the industry against unfair competition from third countries in particular through speeding up anti-dumping procedures and by adopting appropriate positions in international trade negotiations. Mr Narjes said that the Commission was contemplating a more precise monitoring of the steel market in the Community in order to be able to detect potential problems at a very early stage. This meant a fleshing out of the existing normal information procedures provided for under article 46 and 47 of the ECSC Treaty. Mr Sutherland added that such monitoring could not be seen as an opportunity to camouflage voluntary arrangements which would be contrary to the Treaty such as tacit cartel arrangements between the producers. He also confirmed that the Commission was examining the possibility of extending the current limited aids code beyond 1988.

Most delegations expressed a favourable position with regard to the Commission's analysis although France, Ireland, Italy and Greece did not share the optimistic assessment of the Commission in relation to the current buoyancy in the steel sector. A majority of delegations were in favour of maintaining the quota system for category 3 (heavy sections) but the UK, Denmark and the Netherlands firmly opposed such an orientation.

Mr Bangemann could therefore only record that the quota system had come to an end.

(TO BE CONTINUED)

E. REUTER

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As to the "volet social", Mr Narjes stressed the relevance of the Commission's proposals in a context where further restructuring would lead to about 80.000 to 110.000 redundancies in the next few years. 55.000 of these would be eligible for social assistance under article 56 ECSC. The Commission's proposal to transfer ECSC custom's receipts to the general Community budget in order to finance social measures ought to be adopted as soon as possible. The Commission had already decided to increase the levy on producers from 0.31 to 0.39%.

Most delegations deplored the increase of the production levy which added to the burden on industry. Delegations stressed that these social measures should be considered in a longer-term frame-work and targeted with greater precision. The Council agreed to refer the matter back to COREPER.

Mr Narjes also drew the attention of the Council to the importance of some EC Research and Development programs for the steel industry. Improving the competitiveness of the Community's steel production was the central objective here.

Over lunch, the Ministers talked about the situation of the steel industry in Italy and expressed concern over the unresolved problem of Government subsidies for the sector in that Member State.

The Council also adopted as A points a number of important texts related in particular to the implementation of the Brussels European Council's decisions (own resources, budgetary discipline, inter-institutional agreement, structural funds) as well as the final text of the capital movements directive.

Best regards,

Etienne REUTER