


COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT


PRESS RELEASE

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1304th Council meeting

- Economic and Financial Affairs -

Brussels, 13 March 1989

President: Mr Carlos SOLCHAGA CATALAN,
Minister for Economic Affairs and Finances
of the Kingdom of Spain

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:

Mr Niels HELVEG PETERSEN Minister for Economic Affairs

Germany:

Mr Otto SCHLECHT State Secretary, Federal Ministry of Economic Affairs

Mr Hans TIETMEYER State Secretary, Federal Ministry of Finance

Greece:

Mr Panayotis ROUMELIOTIS Minister for Economic Affairs

Spain:

Mr Carlos SOLCHAGA CATALAN Minister for Economic Affairs and Finance

Mr Pedro PEREZ State Secretary, Ministry of Economic Affairs

France:

Mr Philippe LOUET Ambassador, Permanent Representative

Ireland:

Mr John H.F. CAMPBELL Ambassador, Permanent Representative

Italy:

Mr Giuliano AMATO Minister for the Treasury

Luxembourg:

Mr Jacques POOS Minister for Economic Affairs and the Self-Employed

Netherlands:

Mr O.C.R. RUDING

Minister for Finance

Portugal:

Mr Miguel CADILHE

Minister for Finance

United Kingdom:

Mr Peter BROOKE

Paymaster General

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Commission:

Mr Jacques DELORS

President

Mr Henning CHRISTOPHERSEN

Vice-President

Mr Peter M. SCHMIDHUBER

Member

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The following also took part in the meeting:

Mr Demetrios J. CHALIKIAS

Chairman of the Committee of
Governors of the Central Banks

Mr Frederico PRADES SIERRA

Chairman of the Co-ordinating Group
for Economic and Financial Policies

Mr Mario SARCINELLI

Chairman of the Monetary Committee

Mr Bernhard MOLITOR

Chairman of the Economic Policy
Committee

TEN YEARS OF THE EUROPEAN MONETARY SYSTEM

The Council observed the tenth anniversary of the operation of the European Monetary System. Statements were made by the President of the Commission, the Chairman of the Committee of Governors of the Central Banks and the President of the Council, recounting the various stages in the EMS's operation and the points at which it had been strengthened. They were unanimous in stressing the important part which the EMS had played in the creation of an area of monetary stability favourable to the development of economic activity in the Community.

On the basis of the report from the Committee chaired by the President of the Commission, Mr DELORS, the Ministers will examine the question of the EMS's development at their informal meeting in May, in preparation for the discussions of the European Council in Madrid.

FIRST QUARTERLY REVIEW OF THE ECONOMIC SITUATION IN THE COMMUNITY

The Council held the first quarterly review of the economic situation in the Community pursuant to Article 2 of the Decision on convergence and on the basis of the Commission communication of 23 February 1989.

The Council agreed with the broad lines of the assessment of the economic situation which the Commission had given in its communication, and with the Commission's view that the economic policy guidelines which the Council had laid down in December 1988 in the 1988/1989 annual report were still entirely valid.

SPRING MEETINGS OF IMF AND WORLD BANK- DEBT PROBLEM

In the framework of their preparation of the Spring meetings of the IMF and the World Bank (Washington, 3 April 1989), the Ministers reached the following conclusions on the debt problem:

" Ministers expressed their support for consideration of the evolution of the debt strategy for the highly indebted middle income countries within the framework of the principles already agreed. They note with satisfaction the role played by the Community and its Member States in the successful initiatives for the debt of low-income countries.

They agreed with Secretary of the Treasury Brady that the problem contains economic, political and social elements, and welcomed the openness of his approach. They considered with interest the suggestions that Mr. Brady has put forward for strengthening the debt strategy, some of which coincide with suggestions already put forward by some EEC Member Countries, and they agreed that they merited thorough study.

The key to the resumption of durable growth in the debtor countries, which is essential to the resolution of debt problems, is the implementation of policies in those countries of deep economic reform. Efforts to reverse capital flight must be strengthened. Both targets will include and be buttressed by increased openness of markets. Industrial countries should similarly ensure open and growing markets especially in the context of the Uruguay round, to which the Community is fully committed.

Ministers agreed that voluntary debt or debt service reduction on a case by case basis can play an important role in the success of sound economic plans. They also agreed that, where applicable, regulatory and fiscal systems should be adapted in order to facilitate voluntary debt reduction by commercial banks. They also agreed to consider the role of the International Monetary Fund and the World Bank with a view to examining the possibility that they could provide financial support for debt and debt service reduction. To ensure a strong financial position for the IMF, they hope that a consensus can be reached on a quota increase and welcomed the recent US attitude on this subject."

BUDGETARY PROBLEMS**- Report of the Court of Auditors for 1987**

The Council heard a statement by Mr Marcel MART, President of the Court of Auditors, introducing the main topics in the Court's annual report on the implementation of the general budget of the European Communities for the 1987 financial year.

After the discussion which followed Mr MART's statement, the President of the Council thanked the Court of Auditors and its President for its very important work in monitoring the administration of the Community's public funds.

- Discharge to be given to the Commission for the 1987 financial year

The Council went on to adopt a Recommendation to the European Parliament concerning the discharge to be given to the Commission in respect of the implementation of the general budget of the European Communities for 1987.

- Fraud and irregularities affecting the Community budget

The Council gave particular attention to the problem of the fraud and irregularities affecting the budget of the European Communities.

After discussion, it adopted the following statement:

"COUNCIL STATEMENT ON THE CAMPAIGN AGAINST FRAUD AND IRREGULARITIES
AFFECTING THE COMMUNITY BUDGET

In the context of the procedure leading to the Council Decision recommending the discharge to be given to the Commission in respect of implementation of the general budget of the European Communities for the 1987 financial year, the Council:

- Instructed its appropriate subordinate bodies to complete their work on the Commission proposals to the Council in this area as quickly as possible.
- Called upon the Member States meeting within the Council
 - = taking account of their responsibilities in administering Community expenditure and income, to make the best possible use of their powers in monitoring that administration, preventing and suppressing fraud and irregularities and recovering income irregularly avoided or expenditure irregularly made;
 - = to instruct their administrations involved to make their co-operation with the Commission departments in this area as close as possible and to co-operate with the Commission to ensure that the measures (especially legislative measures) necessary to strengthen surveillance systems are taken.
- Called upon the Member States meeting within the Council to take the steps necessary to ensure that these measures are brought to the attention of the national institutions concerned;
- Instructed the Presidency to inform the European Parliament of the above."

The Council also agreed to re-examine this matter on a regular basis, starting at its meeting in June if possible.

The Council also noted a Commission statement on the same subject:

"The Commission has always regarded the campaign against fraud as matter of priority and its action in this area has never ceased to be both sustained and resolute.

The Commission would point out that the implementation of the anti-fraud policy is based on a sharing of responsibilities between the Commission, which draws up and proposes the regulatory framework, the Council, which adopts that framework, and the Member States, which apply and enforce it under the supervision of the Commission.

However, the success of this policy requires a collective and joint commitment from all those involved, and in the first instance from the Council and the Member States.

The Commission welcomes the Council's statement calling on its appropriate subordinate bodies to take a decision on the Commission's proposals at the earliest opportunity. In particular, it hopes to see early decisions by the Council on the various texts currently pending, which in some cases were submitted several years ago.

In accordance with its plan of action to combat fraud, the Commission has decided on a series of initiatives to intensify its action. Thus it undertakes to:

- (a) revise its proposal on the monitoring and surveillance of export refunds, in the light of the comments by the Court of Auditors;

- (b) propose adjustments to improve the operation and monitoring of the intervention storage system;
- (c) propose an amendment to Directive 77/435/EEC on the scrutiny of the accounts of undertakings receiving payments from the EAGGF Guarantee Section;
- (d) make proposals aimed at the conclusion of mutual assistance agreements with third countries;
- (e) review the Member States' introduction of the supervisory arrangements laid down in the new regulations on the structural funds;
- (f) in the context of the measures to simplify Community legislation, present between now and the end of the year a draft European Customs Code and measures to simplify Community transit procedures.

In line with its farm price proposals for 1989/1990, the Commission will also pay particular attention to the simplification of agricultural Regulations, in which it will include appropriate control measures and administrative penalties.

The Commission will also consider with the Member States, in the Committee for the co-ordination of action against fraud, chaired by the UCLAF, any measures to minimize the risk of fraud and optimize the anti-fraud campaign by laying down effective procedures that will ensure real co-operation between the Member States and the Commission.

The Commission hereby gives an undertaking - which it will repeat to the European Parliament - to send the Council an annual report on action against fraud."

- Special reports from the Court of Auditors

The Council instructed the Permanent Representatives Committee to examine, in the context of the revision of the Financial Regulation, the question of the procedure to be followed for dealing with special reports from the Court of Auditors.

MISCELLANEOUS DECISIONSDerogations granted to Denmark in respect of travellers' allowances

Following the favourable response expressed at its meeting on 12 December 1988, and having received the Opinions of the European Parliament and the Economic and Social Committee, the Council adopted a Directive amending Directive 69/169/EEC as regards a derogation granted to the Kingdom of Denmark relating to the rules governing travellers' allowances on imports.

The Directive allows a further extension of two years (as from 1 January 1989) for the derogation granted to Denmark in this connection, subject to a number of adjustments. The allowances for cigarettes are raised from 80 to 60 units and for smoking tobacco (fine cut) from 100 to 150 grams. Denmark will also apply the Community allowance of 5 litres for still wine (instead of 4 litres); there is, however, no change as regards alcoholic drinks over 22% vol. (no allowance).

Also, Denmark will in future only be able to exclude from the overall allowance goods whose unit value is more than ECU 340, as opposed to ECU 280 hitherto.

Creation of the Court of First Instance

The Council established draft supplementary and amending budget No 1/89 concerning the staff complement of the Court of Justice for the creation of the Court of First Instance, adding 51 posts.

Tunisia - fruit salads

The Council approved the Agreement in the form of an exchange of letters with Tunisia on fruit salads and adopted the Decision on the conclusion of the Agreement.

Relations with the EFTA countries

The Council adopted the Decisions concerning the conclusion of the Second Additional protocol to the Agreement between the European Economic Community and

- the Republic of Austria
- the Republic of Finland
- the Republic of Iceland
- the Kingdom of Norway
- the Kingdom of Sweden
- the Swiss Confederation

consequent upon the accession of the Kingdom of Spain and the Portuguese Republic to the Community.

The Council also adopted the Regulations concerning the application of Decision No 6/88 of the EEC-Austria and EEC-Sweden Joint Committees and of Decision No 1/89 of the EEC-Finland Joint Committee adapting the Agreements between the EEC and those countries and some other Agreements concluded in that context between the EEC and those countries consequent on the implementation of the Harmonized Commodity Description and Coding System.

Customs Union

The Council adopted a Regulation opening and providing for the administration of autonomous Community tariff quotas for fish-liver oils (CN Code ex 1504 10 10: 2 000 tonnes duty-free as from 31 December 1989) and aniline (CN Code ex 2921 41 00: 4 250 tonnes duty-free as from 30 June 1989).

EEC-Czechoslovakia relations

The Council adopted a Decision relating to the conclusion of an Agreement between the EEC and the Czechoslovak Socialist Republic on trade in industrial products and of an Agreement in the form of an exchange of letters between the European Economic Community and the Czechoslovak Socialist Republic concerning "Testausschreibung".
