

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

7428/89 (Presse 119)

1333rd Council meeting

- Economic and Financial Affairs -

Luxembourg, 19 June 1989

President: Mr Carlos SOLCHAGA CATALAN,
Minister for Economic Affairs and Finance
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 Jens THOMSEN State Secretary,
Ministry of Finance

Germany:

Mr Hans TIETMEYER State Secretary, Federal Ministry
of Finance

Greece:

Mr C. LYBEROPOULOS Ambassador,
Permanent Representative

Spain:

Mr Carlos SOLCHAGA CATALAN Minister for Economic Affairs and
Finance

Mr Pedro PEREZ State Secretary, Ministry of Economic
Affairs

France:

Mr Pierre BEREGOVOY Ministre d'Etat, Minister for Economic
and Financial Affairs and the Budget

Ireland:

Mr Albert REYNOLDS Minister for Finance

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

Mr H.E. KONING

State Secretary for Finance

Portugal:

Mr Miguel CADILHE

Minister for Finance

United Kingdom:

Mr Peter LILLEY

Economic Secretary, Treasury

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Commission:

Mr Jacques DELORS

President

Sir Leon BRITTAN

Vice-President

Mr Henning CHRISTOPHERSEN

Vice-President

Mr Peter SCHMIDHUBER

Member

Mrs Christiane SCRIVENER

Member

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Also present:

Mr Dmetrios J. CHALIKIAS

Chairman of the Committee of
Governors of the Central Banks

Mr Mario SARCINELLI

Chairman of the Monetary Committee

ENTRY OF THE PESETA INTO THE EUROPEAN MONETARY SYSTEM**- PRESS RELEASE ISSUED AFTER THE MEETING OF THE MONETARY COMMITTEE****ON FRIDAY 16 JUNE 1989**

Following a decision by the Spanish government to join the Exchange Rate Mechanism of the European Monetary System, Ministers and Central Bank Governors of the Member States of the European Community have decided by mutual agreement, in a common procedure involving the Commission and after consultation of the Monetary Committee, on the terms on which the peseta will participate as of 19 June 1989.

The Ministers, the Governors and the Commission warmly welcome the participation of the peseta in the Exchange Rate Mechanism. They interpret today's decision as a commitment to co-operate closely in securing convergence of economic achievements within the Community. It also represents an important stage in the process of bringing all Community currencies fully into the Community's present monetary arrangements.

Based on the ecu central rate of 133,804 pesetas, the bilateral central rates of the peseta, rounded to two decimal places will be:

German mark	65,00
Dutch guilder	57,69
Belgian francs (100)	315,14
Luxembourg francs (100)	315,14
Danish krone	17,04
French franc	19,38
Italian lire (1000)	90,19
Irish pound	174,13

Fluctuation margins of 6% will be observed around these central rates for a transitional period. All other central rates and intervention rates within the European Monetary System remain unchanged. The decision on the peseta's participation has no agri-monetary consequences.

The precise new central rates and compulsory intervention points vis-à-vis the other currencies in the exchange rate mechanism will be communicated by the central banks in time for the opening of foreign exchange markets on 19 June 1989.

The Ministers and Governors agreed to review the issue of the currencies currently availing themselves of wide fluctuation margins with a view to having such margins reduced as soon as economic conditions permit.

COMPOSITION OF THE ECU - COUNCIL STATEMENT

In accordance with the provisions adopted in the Resolution of the European Council of 5 December 1978 on the establishment of the European Monetary System and in particular Article 2.3 thereof which calls for a periodic re-examination of the composition of the ecu, the Council, after having reviewed the development of the weights of the currencies that make it up, has decided, upon a proposal from the Commission and after consulting the Monetary Committee and the Board of Governors of the European Monetary Co-operation Fund, to revise the composition of the ecu.

The Spanish and Portuguese governments have taken this opportunity to request the inclusion in the ecu of the peseta and of the escudo respectively, in application of the provisions of the Accession Treaties. The Council has agreed to this request and notes that as of 21 September all the currencies of the Community will thus be included in the basket. The Council further notes that these two countries will continue to follow policies oriented to the stability of their currencies and that they will take any technical measures in the areas of the money and the exchange markets necessary to ensure that the markets function smoothly after these currencies join the ecu. The Council welcomes these decisions and underlines that the presence of the peseta and the escudo in the ecu fits into the framework of a medium-term policy of greater convergence of economic developments among Community member countries.

In order to enable the markets to adapt to the new composition of the ecu, the Council has decided to take a decision today which will not have effect until 21 September of this year, the present definition of the ecu remaining in

force until that date. In accordance with the abovementioned Article 2.3 the revision to be implemented takes account of the underlying economic criteria. Attention has also been paid to minimizing the impact of the revision on ecu interest rates.

The amounts of the national currencies of the Member States included in the composition of the ecu will be determined, with effect from 21 September 1989, by using the following weighting coefficients:

DM	30,1
HF1	9,4
BFR	7,6
FLUX	0,3
DKR	2,45
FF	19,0
IRL	1,1
LIT	10,15
UKL	13,0
DRA	0,8
PTA	5,3
ESC	0,8

Pursuant to the present decision, the Commission will determine the amounts of the currencies to be included in the ecu on the basis of these weighting coefficients and of the rates of exchange of the ecu against each of these currencies observed on the markets on 20 September 1989. The amounts thus determined will conform to the provisions of the Resolution of 5 December 1978 and in particular to the rule imposed therein that the value of the ecu be preserved. Furthermore, this revision will have no effect either on the ecu central rates of currencies participating in the exchange rate mechanism or, obviously, on bilateral parities within the E.M.S. Similarly, this decision has no agri-monetary impact.

SECOND DIRECTIVE ON BANKING

The Council reached agreement in principle on the adoption of a common position on the 2nd Directive on the co-ordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions.

This Directive establishes the general framework for the co-ordination of banking laws amplifying the first Directive adopted in 1977 and will have to serve as a basis for the implementation of other more specialized instruments such as the Directive recently adopted (on 17 April 1989) on the own funds of credit institutions, the Directive on a Community solvency ratio (on this subject also, agreement was reached on a common position at this meeting - see pages 8 and 9), and the 1987 Recommendations on large exposures, and that introducing deposit-guarantee schemes. In future, other provisions will be required, where appropriate, to amplify Community rules in this connection concerning liquidity, market, interest-rate and exchange risks, or concerning the reorganization and liquidation of credit institutions.

The aim of this set of measures is to create a homogenous structure for the financial services market by the end of 1992 at the latest, eliminating national disparities in treatment and differences in the conditions of competition as far as possible.

The licence granted by the competent authority of the Member State where the head office of the institution is situated will be recognized throughout the Community and will enable the credit institution concerned to establish itself in the Community and to offer its services there without having to submit to any further licensing procedure. The authorities of the State where the head office is situated will have to supervise the overall solvency of the institution, whatever the range of its operation. However, the institution will not be able to establish its head office in a State on the grounds of expediency alone; it will actually have to operate there. The role of the authorities in the countries where branches are established and services offered, once they are informed of

the arrival of the institutions in question, will be an ancillary one in that they will have to see only that rules of general concern (in the precise meaning of that term given by the Court of Justice), such as the protection of consumers' savings, are observed, and assume their responsibilities in respect of monetary policy.

The Directive lays down a series of conditions which will govern the licensing of banks, such as the provisions prescribing a minimum initial capital of ECU 5 million. However, it also provides for a set of precise adjustments to these rules to assist small undertakings and those already in existence when these standards are adopted, by lowering the limit to ECU 1 million.

The Directive establishes the principle, subject to certain concessions, of a limit on the participating interest that a credit institution may hold in a non-financial undertaking. Thus it lays down a maximum of 15% of own funds as regards participating interest in another undertaking and 60% for this type of interest as a whole.

It also lays down rules regarding information on the acquisition of holdings in the capital of the credit institution itself by natural or legal persons entering, leaving or modifying their position in the body of shareholders.

It establishes opportunities for negotiations with third countries in order to further the principles of freedom and equality of competition, and enables action to be taken to counter certain types of treatment which, de facto or de jure, act to the disadvantage of Community institutions in comparison with institutions originating in countries which continue to practise such discriminatory treatment even though the Community has given a sympathetic welcome to their nationals.

Finally, the Directive lays down strict rules governing the professional secrecy of the authorities whose task it is to apply the Directive and which, in order to carry out their task, have been authorized to pass information to one another for the sole purpose of prudential supervision of the credit institutions concerned.

At the end of the discussions, the Council instructed the Permanent Representatives Committee to finalize the text in accordance with the guidelines evolved at the meeting, with a view to enabling the Council to approve it as its common position at its next ECOFIN meeting on 10 July, the text then being forwarded to the European Parliament in the context of the co-operation procedure; the objective was the formal adoption of the Directive before the end of the year.

SOLVENCY RATIO

The Council reached agreement in substance on a common position with a view to adoption of the Directive on a solvency ratio which is an essential counterpart to the Directive on the own funds of credit institutions adopted on 17 April 1989.

Thus all the essential elements are now present for mutual recognition of the licences issued by national authorities on harmonized bases and for co-ordinated supervision avoiding any distortions in treatment.

The Directive provides for weighting of assets and off-balance-sheet items according to the degree of credit risk and for a ratio of 8% which will lead institutions to reinforce their capital. The Community is continuing its efforts to achieve in the near future an extension of co-ordination to interest-rate and exchange-rate risks, and to other market risks such as those resulting from open positions.

At this meeting, the Council resolved a number of specific problems, such as the treatment to be given to discount houses, which fulfil an institutional function by regulating the liquidity of the United Kingdom banking system. It also laid down certain criteria applicable to liabilities in the property sector.

The Council instructed the Permanent Representatives Committee to finalize the texts so that, at its next meeting on 10 July, it could formally adopt a common position to be forwarded to the European Parliament in the context of the co-operation procedure.

INSIDER DEALING

The Council adopted unanimously in substance a common position with a view to adoption of the Directive co-ordinating regulations on insider dealing.

Markets in transferable securities play a central role in a modern market economy by ensuring that economic agents have available to them the sources of finance which they require. It is therefore essential that these markets operate smoothly. To that end, it is necessary to guarantee both that supply and demand are as broad as possible and that all investors are placed on an equal footing.

With this in view, the purpose of the Directive on which a common position has been adopted is to prohibit insider dealing which enables persons having inside information from deriving advantage from it to the detriment of other investors, thus calling into question confidence in equality of opportunity and prejudicing the smooth operation of the market in transferable securities.

The stimulus to establish Community rules in this area arose from the observation that in several Member States there were no provisions prohibiting insider dealing, and that the rules or regulations that did exist differed considerably from one Member State to another.

The text approved by the Council obliges Member States to prohibit "primary insiders" from taking advantage of inside information with full knowledge of the facts by buying or selling transferable securities.

For the purposes of the Directive, inside information is defined as being information which has not been made public of a precise nature relating to one or more issuers of transferable securities which, if it were made public, would be likely to have a significant effect on the price of the transferable security or securities in question.

Within the meaning of the text, a primary insider is any person who:

- by virtue of his membership of the administration, management or supervisory bodies of the issuer,
- by virtue of his holding in the capital of the issuer, or
- because he has access to such information by virtue of his employment, profession or duties,

possesses inside information.

The Directive prohibits a primary insider from disclosing inside information to any third party who would thereby become a secondary insider. Furthermore, a secondary insider is thereby prohibited from taking advantage of the inside information received.

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The text also stipulates that Member States shall introduce penalties which have a deterrent effect sufficient to ensure compliance with the prohibitions. Finally, it is laid down that the competent authorities of the Member States shall co-operate with one another to identify and penalize insider dealing which, by its nature, often takes place across national borders.

The Member States also have the option to adopt provisions more stringent or extensive than those laid down by the Directive.

The Member States are to take the measures necessary to comply with the Directive by 1 June 1992.

ABOLITION OF FISCAL FRONTIERS

The Council took stock of the progress made on "Abolition of fiscal frontiers", and instructed an ad hoc Working Party to examine in more detail the Commission's new approach; the ad hoc Working Party would also examine in more detail the contributions already submitted by some delegations or possibly to be submitted in future.

The ad hoc Working Party would be chaired by the French Director-General for Taxation Matters and would begin its work in early July; it would report back to the Permanent Representatives Committee before the Ecofin Council meeting on 9 October 1989.

FISCAL MEASURES TO ENCOURAGE CO-OPERATION BETWEEN UNDERTAKINGS IN DIFFERENT MEMBER STATES

The Council held an exchange of views on a Presidency overall compromise concerning the proposals for Directives on parent companies and their subsidiaries and on mergers, divisions and contributions of assets, and the draft Convention on arbitration procedure.

At the end of the discussion, the Council instructed the Permanent Representatives Committee to continue its examination of this dossier.

18th VAT DIRECTIVE

The Council approved the 18th VAT Directive in substance. Under that Directive, a number of temporary derogations from the 6th VAT Directive (77/338/EEC) will be abolished as from 1 January, 1990, 1991, 1992 and 1993 respectively. These are both derogations from the obligation to tax and derogations from provisions laying down non-taxation as the rule.

With respect to the other derogations still existing under the 6th Directive, the Council, on the basis of a report from the Commission, will review the situation before 1 January 1991 and, acting on a Commission proposal, will decide whether they should be abolished, having regard to any distortions of competition which have resulted from applying them or which might arise from measures to complete the Internal Market.

FRAUD AND IRREGULARITIES AT THE EXPENSE OF THE COMMUNITY BUDGET

When the statement by the Council and the Commission on the campaign against fraud was adopted on 13 March, the Council stated its intention of returning to this matter; it did so at this meeting at the request of the United Kingdom delegation.

With a view to the discussion, the Commission had forwarded to the Council a note on the action it had taken in the meantime in the fight against fraud, defining and updating the plan of action whose broad outlines had been put before the Council in March.

The discussion enabled Ministers to emphasize once again the importance they attached to this matter and to give a firm stimulus to the work being carried out by the Council's bodies on the Commission proposals that were already on the table and at the same time to invite the Commission to submit other relevant proposals as soon as possible.

The Council noted the recent adoption of the Regulation on own resources which strengthens supervisory powers and, today, the adoption of the joint guideline on the new Financial Regulation (see page 16) which lays down that each financial memorandum accompanying a legislative proposal must refer to the measures envisaged to prevent fraud.

The Council also emphasized the importance of co-operation between the authorities of the Member States and the Commission, and welcomed the positive work of the Committee for the co-ordination of action against fraud.

AMENDMENT OF THE FINANCIAL REGULATION

After a detailed discussion, the Council reached agreement on a text amending the Financial Regulation. This is the last component of the reform of Community finances decided on by the European Council in Brussels in February 1988.

The Council instructed the Presidency to finalize the draft joint guideline, which it will adopt formally at an early meeting.

This joint guideline will then be the subject of conciliation with the European Parliament.

The text resulting from the Council's discussions includes new provisions, aimed essentially at rationalizing the presentation, management and conditions for implementing the general budget, emphasizing in particular the principles of sound financial management, including the concept of cost-effectiveness in expenditure policy.

Other amendments concern the spheres of technological research and development (TRD) and external aid.

In general, the adoption of this programme, in conciliation with the European Parliament, will represent the completion of the financial reform of the Communities and the modernization of the budget regulations.

STATISTICAL PROGRAMME OF THE EUROPEAN COMMUNITIES

The Council adopted:

- a Resolution on the implementation of a plan of priority actions in the field of statistical information:
Statistical Programme of the European Communities (1989-1992);
- a Decision establishing a Committee on the Statistical Programme of the European Communities.

The purpose of the 1989-1992 statistical programme is to provide a comprehensive and coherent framework that will satisfy Community requirements with regard to statistical information by ensuring the approximation of methods and a common basis for concepts, definitions and standards while taking account of the specific nature of each national statistical system.

The programme also aims to meet the needs in the statistical field arising from the creation of the internal market as provided for in the Single European Act.

The programme organizes co-operation between the Commission and the various authorities in the Member States with a view to its implementation at national level.

Action to be undertaken in implementation of the programme must be financed by the Community from appropriations included in the financial perspective 1988 to 1992 contained in the Interinstitutional Agreement of 29 June 1988.

The Resolution lays down that the Statistical Programme Committee created by the Decision referred to above must play an essential role in the implementation of the 1989-1992 statistical programme and in the preparation of future statistical programmes.

The Committee is to assist the Commission in the general co-ordination of the Multiannual Statistical Programmes, in order to ensure that the actions to be undertaken are consistent with those decided upon in the national statistical programmes.

MISCELLANEOUS DECISIONSAnti-dumping

The Council formally adopted Regulations:

- terminating the review of the anti-dumping measures concerning imports of fibre building board (hardboard) originating in Czechoslovakia, Poland and the Soviet Union.

Pursuant to this Regulation:

- = the definitive anti-dumping duties currently in force concerning imports of fibre building board (hardboard) originating in Czechoslovakia and Poland shall lapse;
- = the definitive anti-dumping duty currently in force concerning imports of fibre building board (hardboard) originating in the USSR shall be repealed;
- imposing a definitive anti-dumping duty on imports of VHS video cassettes - CN code ex 85 23 13 00 - originating in the Republic of Korea and Hong Kong, collecting definitively the provisional duty and terminating the anti-dumping proceeding with regard to the imports of video tape reels originating in the Republic of Korea.
- = The rate of the duty, applicable to the net free-at-Community-frontier price, before duty, is set out as follows:

(a) 3,8% for the video tape in cassettes originating in the Republic of Korea, with the exception of imports of video cassettes which are manufactured and sold for export to the Community by the following companies. Such imports shall be subject to the rate of duty mentioned hereunder:

Goldstar Co	2,9%
Kolon Industries Inc	2,0%
Saehan Media Co	1,9%;

(b) 21,9% for the video tape in cassettes originating in Hong Kong, with the exception of imports of video cassettes which are manufactured and sold for export to the Community by the following company as such imports shall be subject to the rate of duty mentioned hereunder:

Magnetic Enterprise	15,8%
Swire Magnetics Ltd	4,9%
ACME	9,3%
Casin Ltd	9,3%
Yee Keung Industrial Co Ltd	9,3%;

= the duty specified in paragraph 2(b) shall not apply to video tape in cassettes manufactured and sold for export to the Community by Swilynn Ltd and Wing Shing Cassette Ltd, Hong Kong.

= the anti-dumping proceeding concerning Swilynn Ltd is hereby terminated;

= the duty specified in Article 1 shall not apply to video tape in cassettes other than those falling under VHS standards.

Customs Union

The Council adopted a Regulation amending Regulation (EEC) No 802/68 on the common definition of the concept of origin of goods (introduction of a tolerance in the size of certificates of origin to allow for the computerized issue of such certificates, which involves the use of continuous stationery).

Food aid

The Council adopted the extension for a year - until 30 June 1990 - of the following three Regulations:

- No 3972/86 on food-aid policy and food-aid management;
- No 2507/88 on the implementation of storage programmes and early-warning systems;
- No 2508/88 on the implementation of co-financing operations for the purchase of food products or seeds by international bodies or non-governmental organizations.

Relations with the EFTA countries

The Council adopted a Regulation on the application of Decision 1/89 of the EEC-EFTA Joint Committee on the Simplification of Formalities amending Annex II to the convention on the simplification of formalities in trade in goods and the application of decision 1/89 of the EEC-EFTA Joint Committee on Common Transit amending Appendices I, II and III to the convention of 20 May 1987 on a common transit procedure.

Relations with Iceland

The Council adopted two Decisions concerning the conclusion, on behalf of the EEC, and the approval, for the purposes of conclusion by the Commission on behalf of the EAEC, of the Framework Agreement for Scientific and Technical Co-operation between the European Communities and the Republic of Iceland.

ATA Convention

The Council adopted a Decision on Community participation in the negotiation of an amendment to the Customs Convention on the ATA Carnet with a view to incorporating in it a customs union clause.

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A : C.E. WASHINGTON - WASHINGTON
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BRUXELLES, LE 16 JUIN 1989.
NOTE BIO(89) 181 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO-FIN DU 19 JUIN 1989 (H. LOHAN)
LE CONSEIL EXAMINERA DES PROPOSITIONS DE REVISIONS AU REGLEMENT
FINANCIER DE 1977 APPLICABLE AU BUDGET GENERAL DES COMMUNAUTES
EUROPEENNES. CETTE PROPOSITION AVAIT ETE TRANSMISE AU CONSEIL EN
DECEMBRE DE L'ANNEE PASSEE : ELLE S'INSCRIT DANS LE PROLONGEMENT DE
LA REFORME DU FINANCEMENT DE LA COMMUNAUTE DECIDEE PAR LE CONSEIL
EUROPEEN DE BRUXELLES. ELLE COMPORTE PLUSIEURS MODIFICATIONS DES
DISPOSITIONS ACTUELLES QUI PEUVENT ETRE REGROUPEES DANS LES
CHAPITRES SUIVANTS :
- RATIONALISATION DE LA PRESENTATION DU BUDGET GENERAL,
- AMELIORATION DES RELATIONS ENTRE LES INSTITUTIONS
- RATIONALISATION DES CONDITIONS D'EXECUTION DU BUDGET,
- REVISION DES DISPOSITIONS PARTICULIERES POUR LES DOMAINES DE LA
RECHERCHE ET DU DEVELOPPEMENT TECHNOLOGIQUE,
- PRECISION EN CE QUI CONCERNE LE CONTROLE EXERCE PAR LA COUR DES
COMPTES,
- PRECISION RELATIVE AU REGIME DES DOUZIEMES.
LE DEBAT DU CONSEIL SERA CENTRE SUR :
- L'EXECUTION DU BUDGET. LA COMMISSION DEMANDE DE POUVOIR EXECUTER
LE BUDGET EN ECUS.
- LA STRUCTURE DU BUDGET. LA COMMISSION PROPOSE DE CREER UNE
SECTION SPECIALE POUR LE COMITE ECONOMIQUE ET SOCIAL.
- LES RELATIONS INTER-INSTITUTIONNELLES. IL S'AGIT ENTRE AUTRES DE
L'ATTRIBUTION DE POUVOIR AU PARLEMENT EUROPEEN EN MATIERE DE REPORT
NON AUTOMATIQUE DE CREDITS NON DISSOCIES.
EN OUTRE, LE COMMISSAIRE SCHMIDHUBER INFORDERA LE CONSEIL DES
SUITES DONNEES AUX ENGAGEMENTS PRIS PAR LA COMMISSION DANS SA
DECLARATION SUR LA LUTTE ANTI-FRAUDE PRESENTEE AU CONSEIL ECO-FIN
DU 13 MARS 1989.
AMITIES,
BRUNO DETHOMAS

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D.E.D.	
DEFO.	TO
TRADE	AM
AGM.	
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FIN & DEV.	
SCI & ENE.	
SUP. AG.	
ADM.	
C.F.	

Brussels, 16 June 1989

NOTE BIO (89) 181 suite 1 AUX BUREAUX NATIONAUX
CC: MEMBRES DU SERVICE PORTE-PAROLE

PREPARATION ECOFIN COUNCIL, June 19 1989

FINANCIAL SERVICES (M.F.Berendt)

The Council will be discussing three key issues in the context of the single European market:

- Insider trading
- second banking directive
- solvency ratios for credit institutions

All three measures have been discussed in the European Parliament but ministers have yet to reach a common position on them.

There are now good prospects for a common position on the insider trading directive at Monday's meeting. This would lay down a Community framework for national legislation ensuring that people with direct professional access to confidential information did not use that information in the buying or selling of securities or pass it on to others for that purpose. The directive defines the type of information concerned and distinguishes between primary and secondary insiders, the first group being directly involved in the company concerned and the second those such as financial journalists and analysts who have information passed to them. This measure is important in the context of a single European market in investment services.

France, Denmark and the UK already have legislation in this field; Germany has a voluntary code and the Amsterdam stock exchange has its own rules. Other member states are considering the measures necessary.

There is the chance of at least a political agreement on the second banking directive, one of the major milestones along the road to 1992. This directive will provide a European passport for all banks established in the Community. A bank incorporated in one member state will be free to set up subsidiaries in other member states, whether the bank itself originates within the Community or outside it. It will be the responsibility of the member state where the institution is first established to ensure supervision under the principle of third country control.

The proposal under discussion in the Council includes the concept of reciprocity as modified by the Commission's decision in April. This provides for a two-stage response by the Community if its own institutions are finding it difficult to set up subsidiaries in a third country. If they are receiving treatment which does not correspond with the treatment given by the Community to the third country's banks, then the Commission may propose opening negotiations with the third country concerned. If Community institutions are not being given effective national treatment, i.e. treatment equivalent to what domestic banks enjoy in their own country, then the Community would have the means to react by refusing licences to banks from the third country to set up in member states.

Discussions in the Council will centre on the institutional aspects of the directive, in particular who would be responsible for deciding to limit or refuse access to third country institutions and how the committee procedure should work for any future modifications to the directive.

The proposed directive on solvency ratios is a companion to the second banking directive, laying down capital adequacy rules for credit institutions which would be common throughout the Community, so allowing the principle of home country control to be respected by all member countries. Further negotiation will still be needed on this proposal, although the Council has already reached a common position on the parallel directive on the definition of own funds.

Regards,



B. Dethomas

MESSAGE # 332
RCV LN 1

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DE : C.C.E. BRUXELLES - GPP46 - G.P.P.
A : C.E. WASHINGTON - WASHINGTON
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BRUXELLES, LE 16 JUIN 1989
NOTE BIO (89) 181 (SUITE 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

PREPARATION DU CONSEIL ECOFIN (LUXEMBOURG - 19 JUIN 1989)
(G. GUARNERI)

LE 1ER POINT A L'ORDRE DU JOUR CONCERNE L'ACHEVEMENT DU MARCHÉ INTERIEUR ET LE RAPPROCHEMENT DES FISCALITES INDIRECTES. IL S'AGIRA D'UN DEBAT D'ORIENTATION SUR LA NOUVELLE COMMUNICATION DE LA COMMISSION PRESENTEE AU CONSEIL INFORMEL DU MOIS DE MAI. CETTE COMMUNICATION PREVOIT DE NOUVELLES ORIENTATIONS QUI CONSISTENT TOUT D'ABORD DANS L'ORGANISATION D'UNE PHASE DE TRANSITION D'ICI A FIN 1992. CETTE PHASE AYANT POUR OBJECTIF DE PREPARER LES ETATS MEMBRES ET LES OPERATEURS ECONOMIQUES A L'AVENEMENT DU MARCHÉ INTERIEUR DANS LE DOMAINE DE LA TVA ET DES ACCISES SERAIT CARACTERISEE PAR :

A) UN RAPPROCHEMENT PAR ETAPES DES TAUX DE TVA ET DES ACCISES SUR LA BASE D'UN PROGRAMME MIS AU POINT PAR CHACUN DES ETATS MEMBRES:
B) UN RELEVEMENT SUBSTANTIEL ET PAR ETAPES DES FRANCHISES-VOYAGEURS:

C) LA MISE EN OEUVRE D'UN CERTAIN NOMBRE DE SIMPLIFICATIONS ET D'ALLEGEMENTS DES CONTROLES AUX FRONTIERES.

EN CE QUI CONCERNE PLUS DIRECTEMENT LA TVA, LA FOURCHETTE DU TAUX NORMAL SERA REMPLACEE PAR UN TAUX MINIMAL FIXE AU PLAN COMMUNAUTAIRE, CE QUI LAISSERA AUX ETATS MEMBRES LA LIBERTE DE CHOISIR AU-DESSUS DE CE TAUX MINIMUM, LE TAUX LE MIEUX ADAPTE A LEUR SITUATION BUDGETAIRE ET DE COMPETITIVITE. POUR LE TAUX REDUIT (FOURCHETTE DE 4 A 90/0), PAS DE CHANGEMENT. ENFIN, POUR UN NOMBRE TRES LIMITE DE PRODUITS ET DANS LE CADRE D'UN COMPROMIS FINAL, LA COMMISSION PROPOSE D'ACCEPTER LE MAINTIEN DU TAUX ZERO POUR LES ETATS MEMBRES QUI LE PRATIQUENT DEJA.

PAR AILLEURS, LA COMMISSION PROPOSE DE REMPLACER LE SYSTEME DE COMPENSATION INITIALEMENT PREVU, PAR UN TRAITEMENT SPECIFIQUE DES GRANDES CATEGORIES D'OPERATIONS COMMERCIALES.

CE TRAITEMENT DIFFERENCIE CONCERNE LES VENTES PAR CORRESPONDANCE, LES VENTES D'AUTOMOBILES, LES VENTES A DES NON-ASSUJETTIS ET A DES ASSUJETTIS EXONERES, LES OPERATIONS ENTRE ENTREPRISES LIEES AU SEIN

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ADM.	
C.F.	

D'UN MEME GROUPE. POUR LE RESTE DES OPERATIONS. SOIT MOINS DE LA MOITIE DU TOTAL, ON SUPPRIMERA LA DETAXATION DES EXPORTATIONS ET ON PROCEDERA A LA RESTITUTION DES SOLDES EXCENDENTAIRES DE TVA SUR UNE BASE MACROECONOMIQUE SIMPLIFIEE.

EN CE QUI CONCERNE LES ACCISES, LE SYSTEME DU TAUX UNIQUE PAR PRODUIT POUR TOUTE LA COMMUNAUTE EST APPARU TROP RIGIDE ET CE SYSTEME SERA REMPLACE PAR DES TAUX MINIMA OU PAR DES FOURCHETTES DE TAUX.

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L'ACCUEIL RESERVE A CES PROPOSITIONS A S' AGARO' ETAIT FAVORABLE. LA COMMISSION ATTEND MAINTENANT LA CONFIRMATION QUE CES NOUVELLES ORIENTATIONS REPRESENTENT, MALGRE LES RESERVES DE CERTAINS ETATS MEMBRES, UNE BONNE BASE DE TRAVAIL.

LE DEUXIEME POINT A L'ORDRE DU JOUR EST REPRESENTE PAR LE PAQUET DE TROIS DIRECTIVES CONCERNANT LES MESURES FISCALES VISANT A ENCOURAGER LA COOPERATION ENTRE ENTREPRISES D'ETATS MEMBRES DIFFERENTS.

CE PAQUET CONCERNE LES REGIMES FISCAUX COMMUNS APPLICABLES :

A) AUX FUSIONS, SCISSIONS ET APPORTS D'ACTIFS INTERVENANT ENTRE SOCIETES D'ETATS MEMBRES DIFFERENTS;

B) AUX SOCIETES-MERES ET FILIALES ETABLIES DANS DES ETATS MEMBRES DIFFERENTS.

UN PROJET DE COMPROMIS DE LA PRESIDENCE ESPAGNOLE SERA SOUMIS AUX ETATS MEMBRES.

LE TROISIEME POINT A L'ORDRE DU JOUR EST L'ADOPTION DE LA 18EME DIRECTIVE TVA.

LA 6EME DIRECTIVE TVA DU 17 MAI 1977 A INSTITUTE UNE ASSIETTE COMMUNE POUR LA TVA.

ELLE A CEPENDANT LAISSE SUBSISTER UN CERTAIN NOMBRE DE DEROGATIONS AFIN DE DONNER AUX ETATS MEMBRES UN DELAI POUR PROCEDER AUX ADAPTATIONS NECESSAIRES. LE CONSEIL DOIT SE PRONONCER SUR LA SUPPRESSION DE CES DEROGATIONS.

A CE STADE, DEMEURE LA RESERVE D'UN ETAT MEMBRE.

AMITIES,

B. DETHOMAS

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Luxembourg, le 19 Juin 1989

NOTE BIO(89) 181 (suite 2) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

ECO-FIN COUNCIL - JUNE 19 - SECOND BANKING DIRECTIVE (M. BERENDT)

The Council of Ministers has adopted a common position on the second banking directive, which gives a European passport to any bank with a subsidiary established within the Community to set up branches elsewhere. The directive will now go to the European Parliament for the second reading.

Treatment of non EC banks has been a major issue in the negotiations. Under the directive, the Commission will examine the situation for Community banks in third countries to establish how far they are receiving treatment as good as the Community offers to banks from the third country. Where EC banks are not receiving equivalent treatment, the Commission may propose negotiations with the third country concerned. Where the Community bank is not receiving national treatment (equal to that offered to domestic banks in the third country) the Commission may propose the suspension of applications from the third country banks wishing to set up subsidiaries within the Community.

There was difficult discussion in the Council over the procedure to be used in such cases. In the final compromise, which received support from all member states except Germany, the Commission will make its proposals to the banking advisory committee, which must agree by qualified majority. In the absence of agreement, the proposal would go to the Council which can decide by simple majority. In any event, the Commission decision would be valid for a period of three months. Any extension must be decided by qualified majority in the Council on a Commission proposal. The Council agreed to strict conditions for the maintenance of banking secrecy and decided to refer to COREPER the detailed text for the committee procedure determining any future modifications to the directive.

This banking directive is a key measure in the creation of the single European market. It is based on the principle whereby control is exercised by the member state where the bank is first established (home country control) and allows a credit institution to operate in all other member states offering the same range of services as it does in its home Community country. It will come into effect on January 1 1993.

Regards,
M. BERENDT

Luxembourg, le 19 Juin 1989

NOTE BIO(89) 181 (suite 3) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO-FIN : LUTTE ANTI-FRAUDE (H. LOHAN)

Lors du Conseil ECO-FIN du 13 mars 1989, Conseil et Commission s'étaient engagés à renforcer leurs actions de lutte contre les fraudes. M. Schmidhuber a informé aujourd'hui le Conseil des mesures prises entre-temps par la Commission en vue de sauvegarder les intérêts financiers de la Communauté.

La Communauté a respecté son calendrier pour les initiatives annoncées au mois de mars :

En ce qui concerne la gestion et le contrôle du stockage public, la Commission a adopté, dans le cadre de sa seule compétence, deux règlements. Il s'agit en particulier d'un règlement définissant les montants forfaitaires destinés à couvrir les coûts techniques de stockage et d'un règlement introduisant le taux d'intérêt de l'ECU dans le calcul des frais de financement.

En plus, la Commission a adopté des propositions de règlement du Conseil dans les domaines suivants :

- introduction d'un inventaire physique annuel des stocks publics et son rapprochement avec la comptabilité,
 - contrôle physique des documents comptables des entreprises bénéficiaires ou redevables du FEOGA-Garantie. Au moins la moitié des entreprises dont les flux financiers avec le FEOGA dépassent 60 000 ecus seraient soumis à un contrôle annuel. En plus, il est prévu que les États membres installent des services chargés d'effectuer ou de coordonner les contrôles comptables a posteriori.
- Le contrôle du paiement des montants octroyés lors de l'exportation de produits agricoles. Il est proposé d'effectuer des sondages d'un volume d'au moins 5 % et de vérifier tous les ordres de paiement.

La Commission a aussi présenté au Conseil une demande pour l'autoriser à négocier au nom de la Communauté des accords d'assistance administrative mutuelle avec des pays tiers.

M. Schmidhuber a rappelé l'importance attachée par la Commission aux travaux d'harmonisation et de simplification de la législation communautaire.

M. Schmidhuber a souligné également combien la Commission tient à une collaboration efficace avec les pays membres. Il a attiré l'attention du Conseil sur le programme de travail relatif à la lutte anti-fraude. Ce programme a été favorablement accueilli par toutes les délégations lors d'une récente réunion de Comité communautaire pour la coordination de la lutte contre les fraudes. Dans ce contexte, il convient de noter qu'une part significative des 70 MECU inscrits dans l'avant-projet de budget pour 1990 au titre de la lutte anti-fraude est destinée à donner un support aux activités des États membres dans ce domaine.

M. Schmidhuber a invité les États membres à discuter de ces propositions et à prendre des décisions dans les meilleurs délais. Les travaux de la Commission ont été accueillis favorablement par toutes les délégations. Le représentant du Royaume-Uni a annoncé que Mme Thatcher pourrait évoquer la lutte contre les fraudes lors du Conseil Européen de Madrid. Une référence à ce sujet pourrait être incluse dans les conclusions du Conseil Européen.

REGLEMENT FINANCIER

Sur un compromis de la présidence, le Conseil a adopté une présentation commune qui sera transmise pour concertation au Parlement Européen. M. Schmidhuber a regretté que le Conseil, à ce stade, n'a pas pu se rallier aux propositions de la Commission concernant, entre autres, une section spéciale au budget pour le Comité Economique et Social et la possibilité d'exécuter le budget en ecus. Ces points pourront, toutefois, être repris dans la phase de concertation avec le Parlement.

Amitiés,
H. LOHAN

Bruxelles, le 20 Juin 1989

NOTE BIO (89) 181 (suite 4) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Conseil ECOFIN (Luxembourg - 19 Juin 1989)
(G. Guarneri)

Achèvement du marché intérieur et rapprochement de la fiscalité indirecte

La Présidence espagnole a suggéré de ne pas débattre à ce stade, du fond des orientations, mais de constater que malgré les divergences, toutes les délégations estiment que les nouvelles orientations proposées par la Commission représentent une bonne base de travail.

La Commission s'est félicitée du premier accueil, favorable dans l'ensemble, réservé par les Ministres aux nouvelles orientations en matière de fiscalité indirecte.

Mme Scrivener, Commissaire responsable pour la fiscalité, a déclaré notamment :

"La Commission ne demande pas aujourd'hui une approbation formelle des différentes orientations proposées, mais seulement que le Conseil confirme que la nouvelle approche présentée est une bonne base pour la continuation des négociations dans ce domaine".

La Présidence a proposé qu'un groupe ad hoc soit constitué au Conseil avec comme objectif d'examiner à la fois la nouvelle optique de la Commission et les propositions qui ont été présentées par les Etats membres. Ce groupe commencera ses travaux au début du mois de juillet et rendra son rapport au Conseil ECOFIN du mois d'octobre.

Deux délégations (Irlande et Danemark), ont demandé que le groupe se penche sur la perte de recettes par leurs finances publiques suite à l'adoption éventuelle des propositions de la Commission.

La délégation allemande a attiré l'attention du Conseil sur l'urgence des travaux à réaliser pour atteindre les objectifs prévus pour 1993.

En remerciant Mme Scrivener de ses orientations qui représentent "une bien meilleure base pour des progrès effectifs par rapport aux anciennes propositions", le délégué allemand a exprimé l'espoir que le paquet fiscal puisse être approuvé avant la fin de l'année.

La proposition de la Présidence a été retenue à l'unanimité.

Trois directives concernant la coopération entre entreprises établies dans des Etats membres différents

La Présidence espagnole a brièvement présenté le projet de compromis sur les points qui restaient en discussion.

Ensuite, dans son intervention au nom de la Commission, Mme Scrivener a souligné une nouvelle fois l'importance considérable de ce paquet de trois directives. Elle a déclaré notamment : "un compromis est aujourd'hui à portée de main. La négociation a été intense ces dernières semaines et ces derniers jours. Nous pouvons aboutir, il le faut même. Sans cela, je dois dire, la Commission devrait sans doute examiner les conséquences à en tirer quant à des propositions qui remontent, pour la plus ancienne, à 1969."

La délégation portugaise a demandé un délai d'adaptation de 5 ans plus 3, en augmentation par rapport aux propositions de la Présidence qui étaient d'une période de 3 ans plus 2, ce qui a été accepté par la Commission et les autres délégations.

Malgré quelques efforts ultérieurs des délégations allemande et néerlandaise pour aboutir à un compromis sur le problème majeur représenté par les exceptions en faveur de la RFA, aucun accord final ne s'est dégagé. Les trois directives seront donc renvoyés au COREPER pour la poursuite des travaux.

18ème directive TVA

La 18ème directive TVA a été adoptée par le Conseil. Un progrès important dans le processus de rapprochement des fiscalités indirectes a été accompli par la suppression des dérogations prévues par la 6ème directive TVA relative à l'instauration d'une assiette uniforme.

Au Conseil ECOFIN du 17 avril une seule réserve de la délégation néerlandaise subsistait concernant la suppression des dérogations sur les services des experts indépendants ayant trait à l'évaluation des indemnités d'assurance. Au cours de la session du 19 juin, la délégation néerlandaise a demandé un délai de 3 ans pour la suppression de cette dérogation. La Commission ayant accepté cette demande, un accord unanime des Etats membres a finalement été obtenu et la proposition de directive a été adoptée.

Amities,


C.D. EHLERMANN