

PRESS RELEASE

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PROVISIONAL VERSION

1337th Council meeting

- Economic and Financial Affairs -

Brussels, 10 July 1989

President: Pierre BEREGOVY

Ministre d'Etat

Minister for Economic and Financial Affairs
and the Budget of the French Republic

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

Mr Jens THOMSEN State Secretary,
Ministry of Finance

Germany:

Mr Hans TIETMEYER State Secretary, Federal Ministry
of Finance

Mr Otto SCHLECHT State Secretary, Federal Ministry of
Economic Affairs

Greece:

Mr Sotiris CHATZIGAKIS Deputy Minister for Economic Affairs

Spain:

Mr Carlos SOLCHAGA CATALAN Minister for Economic Affairs and
Finance

France:

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

Ireland:

Mr Noel TREACY Minister of State at the Department of
Finance

Italy:

Mr Giuliano AMATO Minister for the Treasury

Luxembourg:

Mr Jacques POOS Minister for Economic Affairs

Netherlands:

Mr O.C.R. RUDING

Minister for Finance

Portugal:

Mr Carlos TAVARES

State Secretary for the Treasury

United Kingdom:

Mr Nigel Lawson

Chancellor of the Exchequer

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Commission:

Mr Jacques DELORS

President

Mr Henning CHRISTOPHERSEN

Vice-President

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Also present:

Mr Dmetrios J. CHALIKIAS

Chairman of the Committee of
Governors of the Central Banks

Mr Bernhard MOLITOR

Chairman of the Economic Policy
Committee

Mr Mario SARCINELLI

Chairman of the Monetary Committee

MULTILATERAL SUPERVISION

On the basis of two reports drawn up by Mr CHRISTOPHERSEN, Vice-President, on the one hand, and by Mr SARCINELLI, Chairman of the Monetary Committee, on the other, and in the presence of Mr CHALIKIAS, Chairman of the Committee of Governors of the Central Banks, the Council conducted for the first time "an exercise in multilateral supervision" and examined - in restricted session - the economic situation of the Community and of each of the Member States.

The President of the Council described the exercise as frank and direct and said that the Council intended repeating the exercise at appropriate intervals in the presence of the Governors of the Central Banks.

CONCLUSIONS OF THE COUNCIL CONCERNING THE COMMUNICATION FROM THE COMMISSION ON THE ECONOMIC SITUATION IN THE COMMUNITY

The Council proceeded to the second examination of the economic situation in the Community, in accordance with Article 3 of the "convergence" Decision of 1974.

The Council shares the broad outline of the analysis made by the Commission in its communication dated 28 June 1989. In the light of the conclusions of the Madrid meeting of the European Council, it notes with interest the more explicit nature of the positions taken by the commission and hopes that this could lead to greater effectiveness in the co-ordination of economic policies.

The Council is of the opinion that the economic policy orientations, agreed in the annual economic report 1988/1989 and confirmed in its examination of the economic situation in March, remain valid.

However, the maintenance in the medium term of the positive results attained in the areas of growth, employment and investment requires that, while the external environment appears to be less favourable, everything must be done to fight the inflationary expectations and to avoid them being incorporated into wage cost developments. It is equally essential, with regard to the internal market, that the efforts undertaken towards greater economic convergence are not relaxed and that they are intensified in the areas of external and budgetary balances.

In this area of budgetary policy, the Council notes that a consensus can be established on some lines of conduct in the medium term: the non-monetary financing of public deficits, the stabilization or reduction of debt, the control of the expansion in expenditure, the search for an expenditure and receipts structure more favourable to supply conditions.

The Council shares the opinion of the Commission according to which the implementation of these lines of conduct implies an immediate rigorous orientation of budgetary policies in the whole Community. It is important, in particular, that the improvement in economic conditions is put to good use in Belgium, the Netherlands, Ireland, Italy and Portugal to actively pursue the efforts engaged in towards a reduction of budgetary imbalances and the relative level of public debt. Resolute action in this direction needs to be rapidly undertaken in Greece.

Brussels, 7 July 1989

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CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

433

PREPARATION CONSEIL ECO/FIN LE 10.07.89 (S. SONDERGAARD)

The first Council meeting after the Madrid Summit and the first meeting during the French Presidency will be the ECO/FIN meeting Monday the 10 July at 11 o'clock.

The ministers will analyse and discuss the economic situation in the Community as outlined in the Commission's Communication to the Council, COM(89) 333, adopted by the Commission the 28 June. In a restricted meeting (Minister + 1), the ministers will also examine the budgetary policies of Member States, based on the analysis and guidelines of the COM 333.

This debate is of major importance, especially in the light of the decisions taken in Madrid on the 1st phase of the EMU.

During lunch, ministers will debate the follow-up to the European Council's conclusions on the Monetary and Economic Union and Mme SCHRIVENER is going to present a "document de réflexion" on tax on savings and fiscal co-operation. The Presidency intends to finish the work during the lunch.

Regards,


C. D. EHLERMANN

Bruxelles, le 10 Juillet 1989

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ECOFIN - 10.07.1989 (S. Sondergaard)

Joint press conference with M. Bérégovoy, Finance Minister of France and M. Christophersen, vice-president of the Commission

M. Bérégovoy underlined the very direct and frank nature of the discussion between Ministers on the economic situation of the Community and of the economy of individual member States. The French Minister also stressed the importance of the adoption of the time-table for the implementation of the Madrid decision on the EMU. With this time-table, the French Presidency now has the practical and concrete tools to carry out the decisions taken by the Summit of Madrid, he said.

Vice-President Christophersen also draw the attention to the importance of today's discussion in the light of the Madrid decision.

The ministers willingness to participate in an open examination of the strengths and weaknesses of their countries economy was a clear signal in this respect.

M. Christophersen then presented the time-table for the parallel work on phase 1 in the Delors report and the preparatory work on the inter governmental conference (IGC). The vice-president emphasized the readiness and the ability of the Commission to present all the necessary working papers and proposals in order for the Council to adopt formally the necessary legislation, before the end of this year.

Member States will thus have 1/2 year of adaptation before the coming into force of phase one on the 1 July 1990.

Concerning the preparation of the IGC, M. Christophersen promised to submit to the French Presidency a list of topics before the end of this month to enable a first discussion on the informal ECOFIN meeting the 9-10 September.

Matériel diffusé

- IP 549 - Contingent communautaire pour l'importation des harengs de Suède
- IP 550 - M. Matutes à Kuala Lumpur
- IP 551 - CE-Mexique : la Commission appelle au renforcement des liens
- IP 552 - Droit antidumping concernant l'importation de produits sidérurgiques de Yougoslavie
- 1 décision article 115 - sous-vêtements de Hong-Kong

Amitiés, *C.D. Ehlermann*

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