

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

10321/91 (Presse 237)

1546th meeting of the Council

- ECOFIN -

Brussels, 16 December 1991

President: Mr Wim KOK

**Minister for Finance
of the Kingdom of the Netherlands**

Italy:

Mr Guido CARLI

Minister for the Treasury

Mr Rino FORMICA

Minister for Finance

Luxembourg:

Mr Jean-Claude JUNCKER

Minister for Finance

Netherlands:

Mr Wim KOK

Minister for Finance

Mr Marius van AMELSVOORT

State Secretary for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO

Minister for Finance

Mr José BRAZ

State Secretary, Treasury

United Kingdom:

Mr John MAPLES

Economic Secretary to the
Treasury

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Commission:

Mr Henning CHRISTOPHERSEN

Vice-President

Also attended:

Mr Cees MAAS

Chairman of the Monetary
Committee

Mr Robert MALDAGUE

Chairman of the Economic
Policy Committee

PORTUGUESE PROGRAMME OF ECONOMIC CONVERGENCE (1992-1995)

In the context of multilateral surveillance, the Council examined the programme of convergence for 1992 to 1995 which was submitted by the Portuguese government.

Following that examination, the President drew the following conclusions:

On 16 December 1991 the Council carried out an examination of the Portuguese programme of economic convergence (1992-1995). The Council expressed its appreciation of the programme, in particular the ambitious targets for reducing inflation to a ceiling of 4 per cent by the end of 1995, of the general-government deficit to no more than 3 per cent of GDP by 1995, and of the debt ratio. The Council stressed that the achievement of these targets is highly dependent on the budget for 1992, the growth rate that is realized, and the appropriate mix of economic policy instruments. The overriding aim of reducing inflation implies the need for budget policy to concentrate on the control of expenditure in order to avoid overreliance on revenue measures, which could lead to cost-push pressures. In this regard, the commitment to the ceiling on nominal non-interest expenditure was welcomed. The growth expectations embodied in the programme are of major influence on its outcome. Wage moderation has a crucial role to play in bringing down inflation. The Council agreed with the Portuguese Government on the leadership function of public-sector wages in this context. It also recognized that the exchange rate is a key instrument in the disinflation process. Hence, the present policy of maintaining a stable nominal relationship between the Escudo and the ERM currencies should be continued.

The Council expressed its appreciation of the credibility already built up by Portugal in bringing its economy more in line with the requirements of the Community. It urged the Portuguese authorities to implement rapidly the structural measures already approved by

Parliament in order to enhance the overall responsiveness of the economy.

Finally, the Council stressed the need for rapid elaboration of the measures to implement the programme in 1992. It invited the Commission to monitor the implementation of the programme in close co-operation with the Monetary Committee and to report before the end of 1992, as a part of the regular procedure concerning convergence programmes.

RELATIONS WITH THE SOVIET UNION AND ITS CONSTITUENT REPUBLICS

The Council adopted a Decision granting an ECU 1 250 million medium-term loan to the USSR and its constituent Republics.

In this context, it agreed to release an initial instalment of ECU 500 million.

The Council also confirmed the granting of emergency food aid totalling ECU 200 million for the population of Moscow and St Petersburg in particular.

In this context, it approved an initial Regulation for an amount of ECU 95 million and decided to consult the European Parliament by the emergency procedure on a second Regulation concerning an amount of ECU 100 million.

The remaining ECU 5 million is covered by an independent Commission project.

COMMUNITY STRATEGY TO LIMIT CARBON DIOXIDE EMISSIONS AND TO IMPROVE ENERGY EFFICIENCY

The Council took note of:

- the proceedings of the Fiscal Aspects Group on Community energy/CO2 strategy;
- the conclusions of the joint Energy/Environment Council on 13 December 1991 (see press release 9916/91 Presse 231).

The Council instructed the Fiscal Aspects Group to continue its proceedings, taking account of the above conclusions of the joint Council meeting.

The Council agreed to resume its discussions on this subject before May in preparation for the Rio Conference.

ABOLITION OF FISCAL FRONTIERS

- General arrangements for excise duty

The Council reached agreement on the Presidency's compromise concerning the general arrangements for excise duty applicable to the detention, circulation and control of goods subject to excise duty (1).

- Duty-free allowances for travellers

The Council reached agreement on exemptions for Ireland and Denmark from the general arrangements for duty-free allowances for travellers for 1992.

(1) The Irish delegation entered a reservation on the provisions concerning documentary follow-up.

- Adoption of transitional VAT arrangements

The Council adopted the Directive containing transitional VAT arrangements (Directive supplementing the common system of value added tax and amending Directive 77/388/EEC with a view to the abolition of fiscal frontiers).

- Final report

The Council adopted a progress report on the abolition of fiscal frontiers.

WITHHOLDING TAX ON INTEREST AND DIVIDEND INCOME

After taking note of the proceedings of the ad hoc Working Party on Company Taxation, the Council instructed that Working Party to expedite its proceedings so that the Directive concerned could be transposed into national law by 31 December 1992.

EUROPEAN INVESTMENT BANK OPERATIONS OUTSIDE THE COMMUNITY

The Council instructed the Permanent Representatives Committee to examine the Commission's second report on possible EIB operations outside the Community.

The Council intends to have an exhaustive discussion on this subject early next year.

STRENGTHENING THE OECD ARRANGEMENT ON EXPORT CREDITS

The Council approved the Decision on amendments to the Guidelines for Officially Supported Export Credits.

It requested the Commission to inform the other Participants in the Arrangement on Export Credits (most other OECD countries) that the Community confirmed its acceptance of the new rules of the Arrangement aiming at intensifying discipline and transparency in the field of officially supported export credits.

AMENDED PROPOSAL FOR A COUNCIL DIRECTIVE ON INVESTMENT SERVICES IN THE SECURITIES FIELD

The Council agreed to continue examining this proposal at a future meeting.

TAXATION OF ROAD TRANSPORT

After taking cognizance of the conclusions of the Transport Council meeting on 16 December 1991 on this point, the Council instructed the ad hoc Working Party to continue its proceedings taking those conclusions into account (see press release 10387/91 Presse 243).

MISCELLANEOUS DECISIONS

The Council adopted a common position on two proposals for Directives on credit institutions, one concerning their supervision on a consolidated basis and the other amending Directive 89/299/EEC of 17 April 1989 on their own funds, after the European Parliament had expressed its Opinion on both proposals and the Commission had re-examined its proposals.

1. The common position on consolidated supervision aims at extending to financial groups other than those subject to the previous Directive of June 1983 (83/350/EEC) whose parent undertaking is not only a credit institution (bank, etc.) but also a financial holding company, i.e. an undertaking whose main activity is to hold shares in credit institutions or other financial institutions.

Such an overall view of the financial situation of a group allows a more accurate idea of the components of credit institutions' own funds and enables the extent of exposures to be measured, which puts the supervisory authorities in a better position to assess the group's actual solvency.

The system set up does not however yet make it possible to organize the supervisions of financial conglomerates (including insurance companies, among others). This Directive takes account of the "acquis communautaire" in the field of financial services since 1983, which enables the aims of supervision and consolidation methods to be better defined. Closer links have been established between the authorities responsible for supervision in various fields.

2. The common position on amendment of Directive 89/299/EEC on own funds aims at granting mortgage credit institutions organized as co-operatives or funds a transitional period during which those societies which become public limited companies may continue to count the joint and several commitments of their members as capital.

The Commission took the opportunity to put an end to the provisional arrangement prevailing at the time when Directive 89/299/EEC was adopted to obtain powers to implement the technical adjustments provided for in the Directive.

The two Directives should enter into force on 1 January 1993.

The Council's common position on these two Directives will be communicated to the European Parliament under the co-operation procedure, pursuant to Article 149(2)(b) of the Treaty.

Bruxelles, le 13 décembre 1991.

**NOTE BIO(91) 404 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

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Préparation du Conseil ECO-FIN (Fiscalité) (Bruno JULIEN)

- Abolition des frontières fiscales

- . Après les accords politiques intervenus aux Conseils ECO-FIN des 17 décembre 1990 et 24 juin 1991, un nouvel accord a permis le 11 novembre de trouver un compromis sur le régime transitoire de TVA et sur la coopération administrative. Pour réaliser pleinement l'abolition des frontières fiscales, il faut aussi concrétiser les accords politiques dans le domaine des accises. Il existe maintenant un texte complet sur le régime général, la détention, la circulation et les contrôles des produits soumis à accises sur lequel le Conseil devrait être en mesure de trouver un accord permettant l'abolition définitive des frontières fiscales. Ce texte organise le fonctionnement des "entrepôts interconnectés", pièce maîtresse de l'organisation pratique du régime communautaire des accises qui permettra la libre circulation des biens soumis à accises dans la Communauté.

Ce texte prévoit aussi que les voyageurs particuliers pourront acheter sans limite les biens destinés à leur consommation personnelle, soumis à accises lors de leurs déplacements intracommunautaires. Ainsi, les franchises voyageurs seront supprimées dès le 1er janvier 1993.

Il faut souligner que le texte réglant le régime général des accises est définitif, qu'il supprime les contrôles aux frontières et qu'il marque une très nette volonté d'allègement des procédures administratives favorables aux entreprises et aux particuliers tout en conservant les mesures nécessaires pour assurer une lutte efficace contre les fraudeurs.

- . Le Conseil examinera les dérogations concernant les franchises voyageurs au Danemark et en Irlande en 1992 (note P 80). Il s'agit de mesures transitoires pour l'année 1992 dans la perspective de la disparition des franchises voyageurs et de la libre circulation à partir du 31 décembre 1992.
- . Le Conseil fera un rapport sur l'état d'avancement des travaux dans le domaine de l'abolition des frontières fiscales qui permettra à la Présidence portugaise d'arrêter son programme de travail dans ce domaine.

- Stratégie communautaire de limitation de gaz carbonique

Ce point n'a pu être examiné lors du Conseil ECO-FIN du 3 décembre (voir note Bio 389 pour la préparation). Il est vraisemblable que la possibilité de taxe envisagée sur l'énergie et le CO2 nécessite des travaux complémentaires.

- Fiscalité des transports routiers

L'aspect fiscal revêt plusieurs facettes. Il doit permettre aux utilisateurs de prendre en charge les coûts fixes et variables liés à l'utilisation des infrastructures de transport. Un premier pas important a été franchi lors de l'accord politique du 24 juin 1991 au Conseil ECO-FIN de fixer à 245 Ecus par 1000 litres le niveau minimum des accises sur le fuel. Ceci permettra d'assurer la couverture des coûts variables.

Il a en outre été prévu d'harmoniser les taxes de circulation en tenant compte des péages autoroutiers afin d'assurer la couverture des coûts fixes d'infrastructure. Cette proposition de Directive (Com(90) 540) fixe la structure (par type de véhicule) et le mode de calcul des taxes de circulation minimales (par type de véhicule).

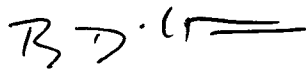
Le groupe ad hoc du Conseil s'est penché à plusieurs reprises sur la proposition de la Commission mais n'a pas été en mesure d'atteindre pour le moment une base de compromis bien qu'il s'accorde sur les principes de base de la structure de la taxe (poids et essieux) et sur le principe de taux minima. Le groupe fera rapport sur l'état d'avancement des travaux au Conseil qui devrait le mandater pour poursuivre.

- Retenue à la source sur les intérêts et redevances

Le Conseil examinera la proposition de Directive sur la retenue à la source sur les paiements d'intérêts et de redevances effectués entre sociétés mères et filiales d'Etats membres différents. Cette proposition adoptée en novembre 1990 par la Commission avec le projet de Directive sur la prise en compte des pertes subies par les filiales d'entreprises situées dans d'autres Etats membres est destinée à supprimer les doubles impositions pour les entreprises établies dans plusieurs Etats membres à partir du 1er janvier 1993.

La proposition de Directive prévoit dans une première étape de supprimer toute retenue à la source dans les rapports société mère-filiale lors du paiement d'intérêts (revenus de créances) et de redevances (rémunérations payées pour l'usage ou la concession de biens ou droits relevant des différentes formes de propriété littéraire et artistique ...). Il est prévu une période de transition dégressive de 7 ans pour les Etats membres importateurs nets de capitaux et de technologie et le Portugal souhaite un délai d'adaptation.

Amitiés,
Bruno DETHOMAS



MESSAGE ID: WRUE0337

INBOUND MESSAGE RECEIVED ON DEC 17 AT 07:48 [ASSIGNED// WRUE0337]
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TO : C.E. WASHINGTON - WASHINGTON
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BRUXELLES, LE 16 DECEMBRE 1991.

NOTE BIO(91) 404 (SUITE 1) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO-FIN (BRUNO JULIEN)

FISCALITE

- LE CONSEIL A ETE MARQUE PAR DES PROGRES NOTABLES DANS LA
VOIE DE L'ACHEVEMENT DU REGIME DEFINITIF COMMUNAUTAIRE
CONCERNANT LA FISCALITE INDIRECTE. EN EFFET, IL A ADOPTE
FORMELLEMENT HIER LA DIRECTIVE SUR LE REGIME TRANSITOIRE
DE TVA.

APRES DE LONGS DEBATS, LE CONSEIL A CONCLU UN ACCORD
POLITIQUE UNANIME SUR LA DIRECTIVE GENERALE SUR LES
ACCISES QUI FIXE DE MANIERE DEFINITIVE LES MODALITES DE
PERCEPTION DES ACCISES DANS LA COMMUNUTE ET DE
CIRCULATION DES PRODUITS SOUMIS A ACCISES. APRES
'TOILETTAGE JURIDIQUE', LE TEXTE SERA SOUMIS EN POINT A A
UN PROCHAIN CONSEIL. ENFIN, IL FAUT RAPPELER QUE LE
COMITE EST DEJA ARRIVE A UN ACCORD POLITIQUE SUR LE
REGIME DE COOPERATION ADMINISTRATIVE. MME SCRIVENER S'EST
FELICITEE QUE CES TROIS TEXTES MAJEURS POUR LE REGIME DE
FISCALITE INDIRECTE SOIENT MAINTENANT ACCEPTES PAR LE

CONSEIL.

- LE CONSEIL A PRIS ACTE DES TRAVAUX EFFECTUES PAR LE GROUPE DE TRAVAIL SUR LA SUPPRESSION DES PRELEVEMENTS SUR INTERETS ET REDEVANCES MAIS N'A PU TROUVER UN ACCORD. LE DEBAT EST DONC REPORTE ET MME SCRIVENER, APRES AVOIR EXPRIME SA DECEPTION, A INSISTE POUR QUE L'EXAMEN DE CE TEXTE SOIT PRIORITAIRE SOUS PRESIDENCE PORTUGAISE AFIN D'ETRE MIS EN VIGUEUR COMME CONVENU LE 1ER JANVIER 1993.
- LE CONSEIL A CHARGE LE GROUPE AD HOC DE POURSUIVRE SES TRAVAUX SUR LA FISCALITE DES TRANSPORTS.
- LE CONSEIL A ADOPTE LA PROPOSITION DE DIRECTIVE SUR LA MODIFICATION DES FRANCHISES VOYAGEURS AU DANEMARK ET EN IRLANDE POUR L'ANNEE 1992 APRES AVOIR CONFIRME LA SUPPRESSION DEFINITIVE DU REGIME DES FRANCHISES VOYAGEURS LE 1ER JANVIER 1993.

APRES UN TOUR DE TABLE SUR LA STRATEGIE DE LA COMMUNAUTE POUR LIMITER LES EMISSIONS DE DIOXIDE DE CARBONE ET POUR AMELIORER L'EFFICACITE ENERGETIQUE, LE CONSEIL ECO-FIN A PRIS ACTE DES TRAVAUX DU GROUPE ASPECTS FISCAUX SUR CE THEME AINSI QUE DES CONCLUSIONS DU CONSEIL COMMUN ENERGIE-ENVIRONNEMENT DU 13 DECEMBRE. LE CONSEIL A INVITE LE GROUPE ASPECTS FISCAUX A POURSUIVRE SES ACTIVITES DANS CE DOMAINE AVANT FIN MAI POUR AVOIR UNE NOUVELLE DISCUSSION SUR CE THEME.

AMITIES,
BRUNO DETHOMAS

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FROM: MCII SAFE STORE AND FORWARD SERVICE
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INBOUND MESSAGE RECEIVED ON DEC 17 AT 10:37 [ASSIGNED// WRUE0339]
21877 COMEU B
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TO : C.E. WASHINGTON - WASHINGTON
REF : 1351080870 - 17-12-1991 16:28

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BRUXELLES, LE 17 DECEMBRE 1991

NOTE BIO(91) 404 (SUITE 2) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL ECO/FIN DU 16.12.1991 (T. KROYER)

AID TO THE SOVIET UNION

THE ECO/FIN COUNCIL YESTERDAY FORMALLY TOOK TWO DECISIONS
CONCERNING AID TO THE SOVIET UNION:

- AID 200 MECU

THE COUNCIL FORMALIZED THE POLITICAL DECISION TAKEN BY HEADS OF
STATES AND GOVERNMENTS IN MAASTRICHT TO PROVIDE 200 MECU IN FOOD
AND MEDICAL AID TO MOSCOW AND ST PETERSBURG AS WELL AS OTHER
URBAN AREAS IN NEED.

VICE-PRESIDENT HENNING CHRISTOPHERSEN TOLD JOURNALISTS AFTERWARDS
THAT 100 MILLION WILL BE GIVEN VERY SHORTLY (5 MILLION URGENCY

AID FROM BUDGET 1991 AND 95 MILLION FROM FEOGA BUDGET 1992) AND 100 MILLION FROM FEOGA FROM 1991 AFTER CONSULTATION OF THE EUROPEAN PARLIAMENT IN JANUARY 1992.

HE SAID THAT A TASK FORCE WOULD BE CREATED AND SENT TO MOSCOW AND ST PETERSBURG TO SET UP THE NECESSARY LOGISTICS FOR RECEIVING AND DISTRIBUTING THE FOOD AID. MOST PROBABLY IT WOULD BE MILITARY PERSONNEL WHO WOULD SET UP THE NECESSARY TRANSPORT AND DISTRIBUTION MECHANISMS. FINALLY HE SAID THAT OTHER BIG CITIES THAN MOSCOW AND ST PETERSBURG COULD BENEFIT FROM THIS FOOD AID.

- LOAN 1.250 MECU

THE VICE-PRESIDENT ALSO INFORMED JOURNALISTS THAT THE COUNCIL TOOK THE FORMAL DECISION TO GUARANTEE A 1.250 MECU LOAN TO BE RAISED BY THE COMMUNITY AND LENT ON DIRECTLY. THE DURATION OF THE LOAN WILL BE 3 YEARS, AND THE FIRST TRANCHE OF 500 MECU WILL BE DISBURSED AS FAST AS POSSIBLE. 500/0 OF THE LOAN IS SUPPOSED TO FINANCE PURCHASES OF FOOD AND MEDICAL PRODUCTS IN EASTERN AND CENTRAL EUROPEAN COUNTRIES AND THE BALTIC STATES (TRIANGULAR ARRANGEMENT). THE LOAN IS GRANTED TO THE REPUBLICS WHO SIGN AND CO-GUARANTEE THE LOAN. IT IS ALSO CONDITIONAL ON REPUBLICS SIGNING UP ON THE G-7 DEBT AGREEMENT WHEREBY OLD DEBT OF THE SOVIET UNION IS RECOGNIZED BY THE NEW REPUBLICS.

THE PORTUGUESE CONVERGENCE PROGRAM

THE COUNCIL CARRIED OUT AN EXAMINATION OF THE PORTUGUESE CONVERGENCE PROGRAM IN A RESTRICTED SESSION. BY THE END OF THE DEBATE VICE-PRESIDENT HENNING CHRISTOPHERSEN SAID THAT THE PORTUGUESE CONVERGENCE PROGRAM IS A WELL COMPOSED PROGRAM WITH AMBITIOUS TARGETS AND BACKED BY A GOVERNMENT WITH A SOLID MAJORITY IN THE PARLIAMENT. IF THE PROGRAM IS FULLY IMPLEMENTED, THE VICE-PRESIDENT PREDICTED THAT THE PUBLIC DEFICIT WOULD BE DOWN TO 3 0/0 OF GDP, THAT THE PUBLIC DEBTS WOULD BE REDUCED TO 530/T

OF GDP AND THAT INFLATION WOULD BE DOWN TO 40/0. THAT MEANS THAT PORTUGAL WOULD BE READY BY JANUARY 1997 FOR STAGE THREE OF EMU, HE SAID.

- 2 -

THE PORTUGUESE FINANCE MINISTER, JORGE BARGA DE MACEDO SAID THAT THE PROGRAM HAD ALREADY BEEN ADJUSTED TO THE MAASTRICHT RESULT ON EMU AND HE SAID THAT THE PORTUGUESE ECONOMY SHOULD GRADUALLY AND STEADILY MOVE TO A POSITION WHERE PORTUGAL COULD PARTICIPATE IN THIRD STAGE OF EMU FROM THE BEGINNING.

EXPORT CREDITS

THE COUNCIL ACCEPTED TO REINFORCE DISCIPLINE FOR EXPORT CREDITS AND TIED AID CREDITS IN THE CONTEXT OF THE SO CALLED OECD CONSENSUS AGREEMENT.

THE ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS ('CONSENSUS'), HAS EXISTED FOR 14 YEARS. PARTICIPANTS IN THIS AGREEMENT ARE ALMOST THE SAME AS THE OECD MEMBER STATES (THE EUROPEAN COMMUNITY IS ONE PARTICIPANT) BUT THE ARRANGEMENT IS IN FORMAL TERMS SEPARATE FROM THE OECD CONVENTION.

THE DATE OF ENTRY IN FORCE WILL BE FEBRUARY 15, 1992.

REGARDS,

B. DETHOMAS

SENT BY SPP AT : TUE DEC 17 14:52:25 MET 1991

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