

COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT

PRESS RELEASE

481st meeting of the Council

- Economics/Finance -

Brussels, 21 November 1977

President: Mr Gaston GEENS  
Minister for Finance  
of the Kingdom of Belgium

21.XI.77

The Governments of the Member States and the Commission of the European Communities were represented as follows:

Belgium:

Mr Gaston GEENS	Minister for Finance
Mr Willy CLAES	Minister for Economic Affairs

Denmark:

Mr Knud HEINESEN	Minister for Finance
Mr Per HAEKKERUP	Minister for Economic Affairs
Mr Kurt HANSEN	State Secretary, Ministry of Economic Affairs

Germany:

Mr Hans APEL	Federal Minister for Finance
Mr Otto LANDSDORFF	Federal Minister for Economic Affairs
Mr Otto SCHLECHT	State Secretary, Federal Ministry of Economic Affairs
Mr Manfred LAHNSTEIN	State Secretary, Federal Ministry of Finance

France:

Mr Robert BOULIN	Minister responsible for Economic and Financial Affairs
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Ireland:

Mr George COLLEY	Minister for Finance
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Italy:

Mr Gaetano STAMMATI	Minister for the Treasury
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ANNUAL REPORT ON THE ECONOMIC SITUATION IN THE COMMUNITY

The Council adopted the annual report on the economic situation in the Community and the economic policy guidelines for each Member State for 1978.

The report, which comprises both an analysis of the economic situation and an outline of the economic outlook and objectives for 1978, lays down the guidelines which each Member State should follow in its economic policy in the coming year. It will be brought to the attention of national Parliaments so that they can take it into account during budget debates.

The report will be published in the Official Journal of the European Communities in the next few days.

ECONOMIC AND MONETARY UNION

The Commission presented to the Council a communication on the prospects for economic and monetary union.

In the Commission's view, progress towards economic and monetary union should make a decisive contribution to the achievement of the common objectives of stability, growth and employment. It would strengthen the integration of the Community at a time when the prospect of further enlargement is taking shape. Its achievement would be a decisive factor in restoring order within the international monetary system.

The Commission accordingly put forward a programme for the next five years which envisages in particular alignment of economies, the achievement of a single market and the development of policies to deal with structural and social problems in the Community.

This communication is to be examined by the European Council on 5 and 6 December 1977.

ADJUSTMENT OF SHORT AND MEDIUM TERM CREDIT MECHANISMS

As regards short-term credit mechanisms, the Council formally noted that the Board of Governors of the Central Banks intended

- to double debit and credit facilities
- to examine the problem of increasing the quotas at the next five-yearly review which should take place before March 1979.

As regards medium term credit mechanism, the Council, on the basis of an opinion submitted to it by the Monetary Committee, expressed itself favourably disposed towards the suggestions made in this connection by the Belgian presidency in July of this year and invited the Commission to submit proposals on the matter as soon as possible.

INVESTMENTS AND LOANS IN THE COMMUNITY

In view of the forthcoming meeting of the European Council on 5 and 6 December, the Council held an exchange of views, on the basis of the reports submitted by the Committee on Economic Policy and the Monetary Committee, on the Commission communication relating to investment and lending in the Community.

IMPROVING CO-ORDINATION OF NATIONAL ECONOMIC POLICIES

On the basis of the Commission communication the Council held a discussion, in which all delegations expressed a desire for better co-ordination of the economic and financial policies of the Member States.

At the close of this discussion the Council asked the Committees with special responsibility for the co-ordination of the economic and financial policies of the Member States to examine, in their own fields and on the basis of the Commission communication, how this goal could be achieved.

It asked these Committees to submit their opinions at an early date so that it could reach a decision on the matter at one of its first meetings next year.

MUTUAL ASSISTANCE IN THE FIELD OF DIRECT TAXATION

The Council agreed in principle on the text of the Directive <sup>(1)</sup> laying down arrangements for mutual assistance by the tax authorities of the Member States in the field of direct taxation.

The international scale of tax evasion and tax avoidance makes it necessary for such practices to be combatted internationally. Collaboration between national tax authorities is an important step in this direction.

The scope of the Directive goes beyond existing bilateral mutual assistance between some Member States, extending it to the whole of the Community.

The Directive provides for a system for the exchange of information such as would enable taxes on income and capital to be correctly determined. Such exchanges may take place automatically or at the instigation of a Member State, depending on the circumstances.

The Directive also makes provision for the arrangements of inquiries by one Member State on behalf of another Member State for the purpose of obtaining the information requested. The possibility of officials from one Member State being present on the territory of another Member State is also provided for.

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<sup>(1)</sup> The Danish delegation entering a reservation.



The mutual assistance arrangements also include provisions to preserve the confidentiality of the information obtained.

Finally, the Directive provides for co-operation between the Member States and the Commission with a view to improving mutual assistance arrangements and drawing up additional regulations, if need be.

This Directive reflects the Member States' firm resolve to combat international tax evasion and avoidance in a practical manner.

It will be finally adopted by the Council at one of its forthcoming meetings after it has been finalized in the official languages of the Communities, provided that the Danish delegation withdraws its reservation.

CREDIT INSTITUTIONS

Furthering the process of establishing a Community market in the banking sector, which was begun by the Directives liberalizing certain capital movements and by the adoption of the Directive of 28 June 1973 entailing the abolition of certain restrictions on freedom of establishment and freedom to supply services, the Council agreed on a first Directive on the co-ordination of laws to facilitate the taking up and pursuit of the business of credit institutions.

The Directive encompasses a very broad spectrum of institutions within its scope so as to protect savings under equivalent conditions of competition between credit institutions.

Institutions seeking authorization must fulfil various conditions regarding inter alia their own funds and the persons managing their business. Assessment of economic necessity in the founding of an institution or the setting up of branches in another Member State will be abolished in due course. The arrangements for such branches are clarified and institutions existing prior to the entry into force of the Directive are included in the arrangements thus introduced.

With regard to operating conditions for credit institutions, the use of the names "bank" and "savings bank" is regulated. Collaboration is arranged between the supervisory authorities responsible for credit institutions. The situation of such institutions will be examined on a regular basis, using harmonized ratios.

The way is also paved for the establishment of more complete arrangements for branches of credit institutions which have their head office outside the Community.

The extent of the differences between national laws has made it essential that progress be made by stages. Hence, an Advisory Committee has been set up to promote more intensive co-ordination and to examine any problems which might arise in implementing the Directives already adopted on liberalization and co-ordination of national laws on credit institutions and their business.

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NOTE BIO (77) 401 AUX BUREAUX NATIONAUX  
CC AUX MEMBRES DU GROUPE ET A M LE DIRECTEUR GENERAL DG I  
ET A N OPITZ, DG VIII

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PREPARATION CONSEIL ECONOMIE/FINANCES  
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LE CONSEIL COMMENCERA SES TRAVAUX LUNDI MATIN A 11 H AVEC :

1. L'APPROBATION DU RAPPORT ANNUEL SUR LA SITUATION ECONOMIQUE ET LES ORIENTATIONS POUR 1978.  
IL N'Y AURA PLUS DE DISCUSSION SUR CE POINT, LA FORME JURIDIQUE DE CETTE APPROBATION EST UNE DISCUSSION. LE DOCUMENT SERA TRANSMIS AUX NEUF PARLEMENTS NATIONAUX.
2. COMMUNICATION SUR L'INVESTISSEMENT ET L'EMPRUNT DANS LA COMMUNAUTE.  
LA COMMISSION ESPERE QUE LE CONSEIL S'ENGAGERA A UNE DISCUSSION DE FOND SUR LES "FACILITES ORTOLI", PLAFONNEES A UN MILLIARD D'UCME POUR LE FINANCEMENT DU PROJET D'INVESTISSEMENT STRUCTUREL. MALGRE LA RESISTENCE DE DEUX DELEGATIONS, IL DEVRAIT ETRE POSSIBLE DE LEVER LES DERNIERES DIFFICULTES QUI CONCERNENT SURTOUT LA PROCEDURE DE L'OCTROI DES PRETS.
3. AMELIORATION DE LA COORDINATION DES POLITIQUES ECONOMIQUES NATIONALES (DOC. COM(77) 431).  
LES PROPOSITIONS CONTENUES DANS CE DOCUMENT SONT MODESTES DANS LEUR PRESENTATION MAIS FONDAMENTALES DANS LEUR EFFET D'UNE VERITABLE COORDINATION QUI EST A LA BASE D'UNE UEM. IL SERAIT EXTREMEMENT REGRETTABLE SI LE CONSEIL DONNERAIT PREUVE DE SON INCAPACITE DE DECISION APRES QU'IL A EXAMINE PROFONDEMENT PENDANT DEUX MOIS LE DOCUMENT DANS LES DIFFERENTS COMITES.  
M. ORTOLI DEMANDE QUE LE CONSEIL FAVORISE LA RELANCE ECONOMIQUE PAR UNE COORDINATION RENFORCEE DES POLITIQUES NATIONALES.
4. PROPOSITION DE LA PRESIDENCE BELGE CONCERNANT L'AMENAGEMENT DES MECANISMES DE CREDIT A COURT ET A MOYEN TERME.  
ON PEUT ESPERER QUE LE CONSIL DECIDERA EN PRINCIPE UN DEDOUBLEMENT :  
A) DANS LE SOUTIEN MONETAIRE A COURT TERME.  
UN DEDOUBLEMENT DE LA RALLANGE DE 1.500 A 3.000 UCME.  
B) DANS LE SOUTIEN MONETAIRE A MOYEN TERME.  
UN DEDOUBLEMENT DES QUOTAS QUI TOTALISENT ACTUELLEMENT 2.725 UCME = 5.450 UCME.  
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MANUEL SANTARELLI

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UN TEL ACCORD SERAIT UN PREMIER RESULTAT D'UNE RELANCE DE L'UEM.

5. COMMUNICATION SUR L'UEM.

(VOIR A CE SUJET BIO(77) 400).

M. ORTOLI ESPERE UN PREMIER ECHANGE DE VUES SUR LA BASE DE CE DOCUMENT QUI VOUS SERA TRANSMIS AU DEBUT DE LA SEMAINE PROCHAINE.

6. DIRECTIVE DE LA COORDINATION DES DISPOSITIONS NATIONALES CONCERNANT L'ACTIVITE BANCAIRE.

LE CONSEIL ADOPTERA TRES PROBABLEMENT LA DIRECTIVE 'COORDINATION BANCAIRE' (VOIR BIO(77) 227) DONT L'ADOPTION AVAIT DEJA ETE ATTENDEE EN JUIN 1977. UNE NOTE IP(77) 280 AINSI QU'UN TEXTE DE M. TUGENDHAUT VOUS SERONT TRANSMIS DES QUE LE CONSEIL A ADOPTE LA DIRECTIVE.

AMITIES,

MANUEL SANTARELLI

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NOTE BIO(77) 401, SUITE 1, AUX BUREAUX NATIONAUX  
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ET A M OPITZ, DG VIII

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CONSEIL DES MINISTRES DES FINANCES

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UNION ECONOMIQUE ET MONETAIRE

CE MATIN, LE CONSEIL A ACCUEILLI TRES FAVORABLEMENT LE MEMORANDUM DE LA COMMISSION SUR L'UNION ECONOMIQUE ET MONETAIRE. M. ORTOLI A INTRODUIT LE DOCUMENT EN EVOQUANT LA NECESSITE ET L'ACTUALITE D'UNE TELLE ACTION. ENSUITE, IL A EXPLIQUE LA METHODE D'UN PROGRAMME D'ACTION ET LE PROGRAMME D'ACTION MEME. TOUTES LES DELEGATIONS ONT PRIS LA PAROLE ET ONT QUALIFIE LE PAPIER COMME "ARRIVE EN TEMPS UTILE", EQUILIBRE DANS LES OBJEC-TIFS ET REALISTIQUE DANS LA METHODE PROPOSEE. LES MINISTRES ONT MARQUE LEUR ACCORD POUR EXAMINER LE CONTENU DU DOCUMENT D'UNE MANIERE APPROFONDIE PAR LES DIFFERENTS COMITES D'EXPERTS ET DE LAISSER AUX CHEFS D'ETAT ET DE GOUVERNEMENT DE DECIDER SUR LA SUITE A DONNER AU CONSEIL EUROPEEN APRES LE 5/6 DECEMBRE.

A SUIVRE.

AMITIES, MANUEL SANTARELLI

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Berl, 1/16

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21.11.

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COMMISSION VA SOUMETTRE ■ AU PROCHAIN CONSEIL ■ UNE PROPOSITION.

LE PROCHAIN CONSEIL AURA LIÉU LE 19 DECEMBRE.

AMITIES,

M. SANTARELLI

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MvD/md



