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EU FINANCE MINISTERS BACK SPENDING TO BOOST GROWTH, BEAT UNEMPLOYMENT

Finance ministers of the 12 European Union (EU) member states met in Brussels December 13 to discuss the financing of new job-creating infrastructure projects, following the broad agreement by EU leaders at last weekend's summit in Brussels to approve massive spending to guarantee the projects' completion.

The December 10-11 European Council - the first meeting of EU heads of state and government since the entry into force of the Maastricht Treaty in November - also gave its approval to the European Commission's White Paper on Growth, Competitiveness and Employment which formed the basis for their discussions on job creation.

The new projects aim at establishing Europe-wide networks in transport, energy and information technologies to strengthen Europe's single market, reinforce competitiveness and provide new jobs.

Estimating that some 20 million ECU* in public support will be needed annually between 1994 and 1999 to keep the projects on track, the weekend summit agreed that 5 million ECU will come from the European Commission budget, and a further 7 million ECU will be supplied in loans and guarantees by the Luxembourg-based European Investment Bank. National finance ministers agreed December 13 to set up a working group to produce concrete proposals on how to raise the remaining 8 million ECU. The working group, which will comprise representatives of the Commission, the EIB and the Council Presidency (Greece), has until March to produce its report.

The European Council also endorsed the White Paper's analysis of the causes of Europe's record unemployment which is now around 17 million, or 11 percent of the workforce. It attributes the current slump to rigidities associated with the regulation of the European labor market and to the high indirect costs of employment (notably, social security contributions). Because labor law and conditions vary from one member state to another, the White Paper proposes a variety of strategies national governments could use to tackle unemployment, including reducing the non-wage costs of employment, improving education and training systems, encouraging internal adjustment at the enterprise level (work reorganization or shorter hours), and introducing new taxes on the environment to offset the drop in social contributions.

On other matters, the summit agreed that the economic conditions are now fulfilled to allow the second stage of Economic and Monetary Union (EMU) to start on the agreed date of January 1, 1994.

Regarding enlargement and the future composition of EU institutions, EU leaders agreed that the number of members of the Commission (currently 17, including its President) will increase by 1 for each of the applicant states. Voting arrangements relating to the number of votes needed for a qualified majority adoption by the decision-making EU Council of Ministers remain to be settled.

* 1 ECU = \$1.13 on December 14, 1993

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On foreign policy, the summit decided that European Union will convene an inaugural conference in Paris, possibly in April, on the "stability pact" proposed at Copenhagen in June. The pact is intended as an exercise in preventive diplomacy in helping the countries of Central and Eastern Europe consolidate their borders and resolve problems concerning ethnic minorities as they arise.

On justice cooperation in the European Union, the summit gave the go-ahead for the immediate start-up of the Europol Drugs Unit. It also covers cooperation against drug trafficking and organized crime, as well as matters of internal security, and common action on asylum and visas.

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