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COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

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PRESS RELEASE

8398/84 (Presse 119)

943rd meeting of the Council

- Economic and Financial Affairs -

Brussels, 9 July 1984

President: M. Alan DUKES,
Minister for Finance
of Ireland

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

Belgium:

Mr Paul NOTERDAEME
Ambassador,
Permanent Representative

Denmark:

Mr Gunnar RIBERHOLDT
Ambassador,
Permanent Representative

Germany:

Mr Hans TIETMEYER
State Secretary,
Federal Ministry of Finance

Greece:

Mr Nikos DIMADIS
Ambassador,
Permanent Representative

France:

Mr Jacques DELORS
Minister for Economic Affairs,
Finance and the Budget

Ireland:

Mr Alan DUKES
Minister for Finance

Italy:

Mr Giovanni GORIA
Minister for the Treasury

Luxembourg:

Mr Joseph WEYLAND
Ambassador,
Permanent Representative

Netherlands:

Mr H.E. KONING
State Secretary for Finance

United Kingdom:

Mr Nigel LAWSON
Chancellor of the Exchequer

For the Commission:

Mr François-Xavier ORTOLI
Vice-President

Mr Christopher TUGENDHAT
Vice-President

BUDGETARY DISCIPLINE

The Council instructed the ad hoc Working Party on Budgetary Discipline to continue its work on the implementation of the principles laid down in the section on "Budgetary and Financial Discipline" in the draft Conclusions of the Presidency of the European Council at the meeting in Brussels on 20 March 1984, in the light of the note of 14 June 1984 from the President of the Economic and Financial Affairs Council to the Foreign Affairs Council.

The Working Party will accordingly meet on 17 July to complete its report so that the Council can take a decision in the near future.

In the light of the ad hoc Working Party's recommendations, the Presidency will determine the points which will form the basis for the Ministers' discussion at their formal meeting on 15 and 16 September 1984.

SECOND QUARTERLY EXAMINATION OF THE ECONOMIC SITUATION IN THE COMMUNITY

On the basis of a Commission communication and in the light of a statement by the Chairman of the Co-ordinating Group for Economic and Financial Policies the Council carried out the second quarterly examination of the economic situation in the Community in accordance with Article 3 of the 1974 Convergence Decision.

At the end of the discussion, the Council endorsed the Commission's opinion that it was not necessary at this stage to adjust the economic policy guidelines for 1984 as adopted by the Council on 12 December 1983. It also took note of the quantitative guidelines for the national budgets of the Member States for 1985.

NEW NCI III TRANCHE

The Council signified its agreement to the Decision authorizing a second tranche of borrowing/loans of 1 400 million ECU under NCI III, created by a Decision of 19 April 1983 and limited to a maximum amount of 3 thousand million ECU. A first tranche of 1 500 MECU was authorized by the Council in June 1983.

It was agreed that the conditions, and in particular the priorities determining the projects to be financed, would be the same as those adopted for the first tranche in June 1983.

EXPORT CREDITS - SECTORAL AGREEMENT ON NUCLEAR POWER STATIONS

The Council considered various aspects of the proposal for a Decision on the application of a sector understanding on export credits for nuclear power plant to be concluded in the OECD. It proposed to take a decision no later than the meeting of the Foreign Affairs Council on 23 July, following a technical examination of the matter.

FISCAL MEASURES AIMED AT THE ENCOURAGEMENT OF CO-OPERATION BETWEEN UNDERTAKINGS OF DIFFERENT MEMBER STATES

In connection with work on the removal of obstacles to co-operation between undertakings, the Council continued its examination of a number of proposals for Directives basically relating to taxation: mergers, divisions, contributions of assets and exchange of shares between companies, parent companies/subsidiaries, arbitration procedure.

The Council's discussions were based on a compromise by the French Presidency on the main problems outstanding, in particular: the allowance for German legislation on joint management ("Mitbestimmungsrecht"), inclusion of exchanges of shares in the scope of the Directive on mergers, withholding taxes levied on dividends distributed to parent companies in other Member States and jurisdiction of the Court of Justice in an arbitration procedure.

Following its discussions, the Council agreed to return to the matter in October. In the meantime the Commission would continue its contacts with the delegations most directly concerned.

PROPOSAL FOR A 14TH VAT DIRECTIVE

The Council heard a statement by Mr TUGENDHAT on the amendments made by the Commission to its proposal for a 14th Directive on the harmonization of turnover taxes - deferred payment of the tax payable on importation by taxable persons (replacement of payment of VAT at frontiers on goods imported at the frontier by the system of internal periodical VAT returns.

Discussions on this matter are to continue.

MISCELLANEOUS DECISIONS

Commercial policy and customs union

The Council adopted in the official languages of the Communities the Regulation providing for direct co-operation between the authorities of the Member States of the EEC responsible for the prevention of fraud in the wine sector and the competent authorities in the Swiss Confederation.

The Council also adopted in the official languages of the Community the Regulations:

- increasing the volumes of the Community tariff quotas, opened for 1984, for certain grades of ferro-chromium falling within subheading ex 73.02 E I of the Common Customs Tariff.

Under this Regulation the volumes of the Community tariff quotas for ferro-chromium containing not less than 4% by weight of carbon, and not less than 6% by weight of carbon are raised from 6 000 to 9 000 tonnes and from 224 000 to 336 000 tonnes respectively.

The Regulation also provides for the allocation of the additional volumes among Member States.

- amending Regulation (EEC) No 2975/83 opening, allocating and providing for the administration of a Community tariff quota for certain hand-made products (1984) (change in the title of the authority issuing certificates of manufacture).

Agricultural decision

The Council decided to publish in the Official Journal of the European Communities the Council Decision of 30 June 1984 allowing VAT relief for German agriculture to be increased from 3 to 5% from 1 July 1984 until 31 December 1988 to offset the dismantling of the monetary compensatory amounts.

Fishing

The Council adopted in the official languages of the Communities the Regulation on the provisional application of an Arrangement in the form of an Exchange of Letters between the European Economic Community and the Government of Canada on the establishment of a scientific observation programme in the Regulatory Area of the NAFO Convention.

Appointments

On a proposal from the Italian Government, the Council appointed Mr. Gianluca BERTINETTO, Counsellor, Permanent Representation to the European Communities, a member of the Committee of the European Social Fund in place of Dr Mario CAPPETTA for the remainder of the latter's term of office, which runs until 23 May 1985.

On a proposal from the Greek Government, the Council also appointed Mr. BOUGAS and Mrs. PATOULA members and Mrs. STAVRIANOPOULOU an alternate member of the Committee of the European Social Fund in place of Mrs. DRITSA, Mr. BOUGAS and Mr. CHARAGEORGOPOULOS for the remainder of their term of office, which runs until 23 May 1985.

Finally, on a proposal from the Commission, the Council appointed Mr. Alfons DE VADDER, Director-General of the Fédération Belge des Entreprises de Distribution (FEDIS), a member of the Management Board of the European Centre for the Development of Vocational Training, in place of Mr. BUCHET, who has resigned, for the remainder of the latter's term of office, which runs until 19 April 1985.

BRUXELLES, le 6 juillet 1984

NOTE BIO (84)260 AUX BUREAUX NATIONAUX + Bio No 264

c.c. aux membres du groupe du porte parole

Objet : preparation du Conseil ECO/FIN du lundi
9 juillet 1984 (C.Boon)

Le Conseil ECO/FIN a lieu lundi a Bruxelles a 14 h 30 avec cinq points a l'ordre du jour.

1. Deuxieme examen trimestriel de la situation economique

Conformement a l'article 3 de la decision de 1974 sur la convergence, le Conseil definira les orientations compatibles avec les elements essentiels des budgets economiques preliminaires et fixera les orientations quantitatives des projets de budgets publics pour 1985.

Ces orientations chiffrees ne seront pas publiees.

2. Deuxieme tranche NIC III

Le Conseil avait adopte le 13 juin 1983 la premiere tranche du NIC III pour un montant de 1,5 milliard d'Ecus. Compte tenu du succes rencontre par cette tranche, la Commission a propose le 25 janvier 1984 d'ouvrir une seconde tranche de 1,4 milliards d'Ecus (le solde - 100 Mio - devant etre consacre a des prêts a l'innovation). Le parlement a emis le 28 mars un avis favorable. Le Conseil devrait prendre une decision sur la proposition de la Commission.

3. Mesures fiscales visant a encourager la cooperation entre entreprises d'Etats membres differents

Se poursuivra sous ce point le debat entame lors de la derniere seance du Conseil, l'objectif etant l'elimination de la double taxation. Veuillez vous reporter a ce sujet a notre MEMO 66 du 30 mai dernier.

4. Proposition de 14e directive TVA

Suite au debat du dernier Conseil europeen sur le renforcement du marche interieur, le vice-president Tugendhat entend souligner la necessite d'un accord sur la proposition de la Commission d'une 14e directive TVA visant a simplifier les formalites fiscales a la frontiere (veuillez vous reporter au COM(82)402).

5. Discipline budgetaire

Ce point a ete ajoute hier a l'ordre du jour hier, lors du Coreper. L'on s'attend a ce que les ministres en debattent sous l'angle de la procedure, a savoir quand et comment reprendre les discussions suite aux resultats du Conseil europeen de Fontainebleau.

AMITIES

P. CERF COMEUR////



Bruxelles, le 9 juillet 1984.
Note BIO (84)264 aux Bureaux Nationaux
cc. aux membres du Groupe du Porte-Parole

CONSEIL ECO/FIN (P. VAN ENK)

Le Conseil ~~européen~~ s'est réuni dans l'après-midi du 9 juillet.

I. Sur le point discipline budgétaire, la présidence irlandaise a tiré les conclusions suivantes :

1. The Council invite the ad hoc Group "Budgetary Discipline" to continue its work on the implementation of the principles laid down in the chapter entitled "Budgetary and Financial Discipline" of the draft conclusions of the Presidency of Brussels European Council (20 th March 1984), in the light of the note of the President of the ECOFIN Council to Foreign Affairs Council dated 14th June 1984.

2. To this effect, the ad hoc Group will meet on Tuesday 17th July 1984 and should complete its report with a view to decisions being taken by the Council at an early date.

3. The Presidency will, in the light of the recommendations made by the ad hoc Group, identify the issues on which ministers will base their discussions at their informal meeting on 15/16th September.

II. A l'issue d'un débat sur la situation économique de la Communauté, la présidence a pu constater un large accord au sein du Conseil sur l'analyse de la Commission telle qu'elle est reprise dans le document COM(84)365. Comme la Commission l'avait recommandé : les orientations retenues en décembre 1983 étaient maintenues.

Au cours du débat, plusieurs délégations ont évoqué le problème préoccupant qui se pose dans le domaine du taux de change et d'intérêt (notamment à cause de la flambée du dollar) et celui de l'endettement des pays tiers. Ces dossiers seront traités au cours de la réunion informelle des ministres ECOFIN qui est prévue les 15 et 16 septembre en Irlande.

III. Le Conseil a adopté la deuxième tranche du NIC III de 1,4 million d'ECUS. En présentant la proposition de la Commission le Vice-Président Ortoli, fait valoir que les 881,5 mio d'ECUS accordés depuis juin 1983 sur la première tranche contribueront à la réalisation de 2,5 milliards d'investissements. Par les prêts accordés aux petites et moyennes entreprises, près de 100.000 emplois auront été créés ou stabilisés.

Les efforts de promotion de l'investissement favorisent les PME d'abord : la part des prêts aux PME représentera plus de 60% de l'ensemble de la première tranche NIC III, contre 40% du NIC II.

La répartition par domaines des prêts signés et celle estimée de l'ensemble de la première tranche apparaissent comme suit : secteurs productifs 80,4%, énergie 11,7% et infrastructure 7,9%. La répartition par pays est : Danemark 10,8%, Grèce 5,7%, France 24,1%, Irlande 2,1%, Italie 54,1% et Royaume-Uni 3,2%.

IV. Fiscal measures aimed at encouraging cooperation between enterprises in different Member States

Discussion on this directive and its associated directives (see Memo 66) has bogged down in technical detail amid and argument between the Netherlands and Germany about the level of Germany's withholding tax which the Dutch say is discriminating. The Commission has now to try to resolve the dispute and to bring it back to the working group for a further report to be made to the Council in October.

V. Fourteenth VAT directive

Mr. Tugendhat pleaded on behalf of the Commission for a swift decision from the Council on this proposal. Otherwise he pointed out the United Kingdom government had served notice that they would introduce VAT at frontiers like other Member States from next October. There seemed however to be little response to this plea and while the Council president did not rule out agreement on the directive eventually, he could not see agreement coming quickly.

VI. Proposal for a directive for the coordination of legislation regarding undertakings for collective investment in transferable securities (UCITS) - en français : organismes de placement collectif en valeur mobilière (OPCVM)

Mr. Tugendhat drew the attention of the existence of this directive proposal which dates from 1976 and on which not much progress has been achieved in the working group in spite of some 35 meetings. He suggested that examination should not be further postponed and that COREPER should be asked to report to the Council by November. This was accepted by the presidency. (references for directive : COM(76)152 and COM(77)227).

Amities

M. SANZARELLI COMEUR 19H 15////