



COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT



PRESS RELEASE

**5332/93 (Presse 35)**

**1646th Council meeting**

**ECONOMIC AND FINANCIAL QUESTIONS**

**Brussels, 15 March 1993**

**President: Ms Marianne JELVED**

**Minister for Economic Affairs  
of the Kingdom of Denmark**

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:

Ms Marianne JELVED Minister for Economic Affairs

Germany

Mr Christoph ZEITLER State Secretary for Finance  
Mr Johann EEKHOFF State Secretary for Economic Affairs

Greece:

Mr Stefanos MANOS Minister for Economic Affairs

Spain:

Mr Pedro PEREZ State Secretary for Economic Affairs  
and Finance

France:

Mr Michel SAPIN Minister for Economic and Financial  
Affairs

Ireland:

Mr Bertie AHERN Minister for Finance

Italy:

Mr Piero BARUCCI Minister for the Treasury

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance

Netherlands

Mr Wim KOK Minister for Finance

Portugal:

Mr Jorge BRAGA DE MACEDO Minister for Finance

United Kingdom:

Sir John COPE Paymaster General

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Commission:

Mr Henning CHRISTOPHERSEN Member  
Mr Peter SCHMIDHUBER Member  
Ms Christiane SCRIVENER Member

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The following also attended:

Mr André J. MIDDLEHOEK President of the Court of Auditors  
Mr José Juan RUIZ Chairman of the Economic Policy

**1993 ANNUAL ECONOMIC REPORT AND NATIONAL ACTIONS TO PROMOTE ECONOMIC RECOVERY IN EUROPE**

On the basis of an exposé by Commissioner Christophersen, the Council discussed the most recent economic developments in the Community and the Member States. It took stock in particular of progress already made with national measures to promote economic recovery in Europe and of the work still to be done. The discussion revealed the unanimous will to implement the Edinburgh growth initiative swiftly and accordingly to approve a package of national measures at the next ECOFIN Council meeting, on 19 April.

The Ministers were unanimous in the view that the recovery effort must be underpinned by co-operation with the main industrialized partners, in particular the United States and Japan. They also stressed the importance they attached, in that context, to the joint meeting to be held with the ECOFIN Ministers of the EFTA countries on 19 April.

The Council also approved the annual economic report and the economic guidelines to be followed in the Community in 1993. The report will be formally adopted after the text has been finalized in the official languages of the Communities.

Regarding the creation of a European Investment Fund, the Council noted that work was sufficiently advanced for the proposed amendments to the Statute of the EIB to be approved.

**GREEK CONVERGENCE PROGRAMME - COUNCIL CONCLUSIONS**

On 15 March 1993 the Council examined and endorsed the Greek Programme for Economic convergence 1993-1998. The Council welcomed the acceleration of major structural reforms and fiscal consolidation achieved in 1992 and noted that determined continuation and full implementation would be needed to achieve the targets of the convergence programme.

The Greek Convergence Programme is an ambitious attempt to prepare Greece to meet the conditions necessary for participating in EMU. While recognizing the optimistic nature of the programme, the Council also noted that an ambitious programme was essential in the light of Greece's economic problems. The Council therefore fully supports the efforts of the Greek government. Structural reforms and the privatization programme need to be pursued vigorously if the private sector is to achieve the dynamism outlined in the programme.

The Council underlined the need to give priority to budgetary consolidation and to ensure the achievement of the programme targets by effective implementation of measures. In particular, there was a need to increase the efficiency of the tax collection system and to reduce overmanning in the public sector. It noted the commitment of the Greek authorities to take adequate contingency measures to ensure the attainment of the budgetary and inflation targets.

**TAX ON CO2 EMISSIONS AND ENERGY**

The Council took note of a Presidency report on progress with regard to the Commission's proposal for a Directive of 4 June 1992 on the introduction of a specific tax on both carbon monoxide emissions (CO<sub>2</sub>) and energy. This proposal forms part of the measures envisaged by the Community for dealing with climate change.

The report related to the following issues in particular:

- the proposed tax in relation to excise duties on mineral oils;
- taxation of electricity;
- investment incentives to save energy and reduce CO<sub>2</sub> emissions;
- offsetting the adverse effect of the CO<sub>2</sub>/energy tax on competitiveness against the proposed exemption arrangements.

The report will also be brought to the attention of the Energy and Environment Ministers.

The ECOFIN Council will hold a substantive discussion on the issue at its meeting on 7 June.

**COURT OF AUDITORS REPORT FOR 1991 AND DISCHARGE TO BE GIVEN TO THE COMMISSION IN RESPECT OF THE IMPLEMENTATION OF THE BUDGET FOR THAT FINANCIAL YEAR**

The Council heard a statement by Mr André Middelhoek, President of the Court of Auditors, outlining the salient points of the Court's annual report on the implementation of the general budget of the European Communities for the financial year 1991, especially concerning certain aspects of the administration of the common agricultural policy, the Structural Funds and financial aid for third countries, as well as certain general problems of management and control of the Community's activities, both in the Community's subordinate bodies and the Member States.

The Council expressed its appreciation of the important role played by the Court in monitoring the administration of Community funds.

The Council discussed the main topics raised regarding the discharge in respect of the implementation of the 1991 budget. In that connection the Council agreed on the importance of continuing to step up the fight against irregularities and fraud at the expense of the Community budget.

In conclusion the Council unanimously adopted the Recommendation to be forwarded to the European Parliament with a view to the discharge to be given to the Commission in respect of the implementation of the general budget of the Communities for the financial year 1991. In its Recommendation the Council places particular emphasis on the importance it attaches to compliance with the principle of sound financial management and the importance it attaches to a follow-up to its comments on the Court of Auditors report.

**TRAVELLERS' ALLOWANCES**

The Council had to record that one delegation continued to uphold its reservation on increasing the level of the duty-free allowances for travellers coming from third countries (currently ECU 45, which should, in the view of 11 delegations, be increased to ECU 175 for travellers coming from third countries and to ECU 90 for intra-Community tax-free sales).

**COMPANY TAXATION**

The Council heard a statement by Ms Scrivener on the need to expedite examination of two proposals on company taxation - with a view to increasing the competitiveness of companies and to lessen the burden on them - the one concerning the abolition of the withholding tax on interest and royalty payments between enterprises in different Member States and the other the taking into account by parent companies of the losses incurred by their permanent establishments or branches situated in other Member States.





## OTHER DECISIONS IN THE FIELD OF ECONOMIC AND FINANCIAL QUESTIONS

### Capital adequacy

The Council adopted the Directive on the capital adequacy of investment firms and credit institutions.

Adoption of the above Directive ensues from completion of the procedure for co-operation with the European Parliament; the substance of the Directive adopted corresponds to that of the common position of the Council of 27 July 1992, the main points of which are summarized below.

The Directive on capital adequacy will be published at the same time as the Directive on investment services, once the latter has been finally adopted and the cross references can be inserted in both Directives. It will be possible for the two Directives to be published simultaneously in the near future, as the European Parliament adopted an Opinion on the investment services Directive on second reading at its sitting on 10 March 1993.

The capital adequacy Directive is the necessary complement to the investment services Directive, which is aimed at liberalizing the right of establishment and freedom to provide services with regard to activities in respect of securities. The conditions for such liberalization have been aligned on those introduced in 1989 for credit institutions through the adoption in particular of the second banking Directive.

The Directive meets several objectives at the same time; it ensures the solidity of an important aspect of financial services on integrated bases which ensure equivalent treatment throughout the Community, guarantees equal protection for investors, ensures compliance with equivalent conditions of competition between banks and securities establishments and, finally, strengthens Europe's attraction as a world financial centre.

The main features of the Directive are summarized below.

Whilst the second banking Directive already determined the amounts of initial capital for credit institutions, this Directive lays down for investment firms three levels of initial capital that they must have at the start of their operations, depending on the nature of the activities which they are authorized to perform:

- firms which do not hold clients' money or which are not authorized to deal for their own account: ECU 50 000;
- firms operating on investors' orders: ECU 125 000;
- all others: ECU 730 000.

These amounts are lower than those required of credit institutions owing to the specific activities of investment firms on trading books only; investment firms are obliged

to hold original own funds equivalent to three months of their fixed overheads.

A temporary derogation is provided for in respect of firms existing on the date of entry into force of the Directive to enable them to adjust their funds. A transitional solution has also been prepared for changes in partnerships in which one of the original partners remains in the partnership, and for transfers of ownership by inheritance.

Lastly, it should be noted that the review clause is designed to make it possible in the near future (three years from entry into force) to make the adjustments necessary to take into account structural changes in the markets, notably at international level.

In this connection, it should be pointed out that the setting up of a Securities Committee will form the subject of a separate Directive to be adopted in the near future.

#### European Investment Bank loans to the Baltic States

The Council adopted the Decision granting a Community guarantee to the European Investment Bank against losses under loans for investment projects carried out in Estonia, Latvia and Lithuania.

The EIB will operate in the Baltic States as it already does in other Central and Eastern European countries. Loans will be granted directly by the Bank from its own resources, in accordance with its usual criteria. The loans will be for the financing of investment projects.

The overall limit for the operation is set at ECU 200 million for a three-year period.

#### MISCELLANEOUS DECISIONS

##### European Economic Area

Following approval of the substance of the Protocol adjusting the Agreement on the European Economic Area necessitated by the negative referendum in Switzerland, the Council decided to proceed with the signing of the Agreement, subject to subsequent approval. Signing will take place at the Council's headquarters at 15.30 on Wednesday 17 March.

At the same time the Council adopted the Decision concerning the conclusion of Agreements in the form of Exchanges of Letters between the European Economic Community, of the one part, and the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway and the Kingdom of Sweden, of the other part, on the provisional application - from 15 April 1993 - of the Agreements on certain arrangements in the field of agriculture, signed by the said parties in Oporto on 2 May 1992.

Relations with Turkey

The Council adopted the Regulation opening and providing for the administration of a Community preferential ceiling - of 740 250 tonnes at zero duty - for certain petroleum products refined in Turkey and establishing Community surveillance for imports thereof (1993).

Anti-dumping

The Council adopted the Regulation imposing a definitive anti-dumping duty on imports into the Community of certain electronic micro-circuits known as DRAMs (dynamic random access memories) originating in the Republic of Korea and exported by companies not exempted from this duty, and collecting definitively the provisional anti-dumping duty.

The rate of duty is to be 24,7% of the net free-at-frontier price before duty. However, there are exemptions for products produced and exported - or produced and sold for subsequent exportation - to the Community by certain companies under conditions laid down in the decision.

Financial supplement to the Third Framework Programme in the field of research and technological development (RTD)

The Council adopted the Decision adapting Decision 90/221/Euratom, EEC and concerning a financial supplement to the Third Programme of Community activities in the field of research and technological development (1990-1994). The financial supplement in question is ECU 900 million for 1993 and 1994. The breakdown of that sum, which is shown in the Annex hereto, provides for an across-the-board increase of 13,3% for all the activity categories envisaged, with the exception of the "energy" category, in respect of which provision has been made for a 30,6% increase.

The purpose of the financial supplement, which an analysis of requirements showed to be necessary, is to ensure the continuity of the Community RTD activities covered by the Third RTD Framework Programme as implemented through its specific programmes. It is also directed towards ensuring the continuity of the centralized action to disseminate and exploit research results.

It will be recalled that on 31 December 1992 the Council reached a common position, by the written procedure, on the proposal submitted by the Commission on 29 July 1992, that the common position was forwarded to the European Parliament on 13 January 1993 and that the European Parliament decided not to initiate the conciliation procedure on the Council's common position.

Statistics on the production system in the Community

Following the European Parliament's approval on 10 February 1993 of its common position of 17 December 1992, the Council finally adopted the Regulation on the statistical units for the observation and analysis of the production system in the Community.

The Regulation establishes a list of statistical units relating to the production system, of the criteria used, the definitions of those units and explanatory notes. Its purpose is, within the framework of the internal market, to establish statistical standards necessary for the identification of units and the collection, transmission and publication of national and Community statistics in order to make reliable and comparable information available to enterprises, financial institutions, governments and all other operators in the internal market.

#### Istanbul Convention - Temporary Admission

The Council adopted the Decision concerning the conclusion of the Convention on Temporary Admission, negotiated under the auspices of the Customs Co-operation Council and agreed at Istanbul on 26 June 1990 (Istanbul Convention). The Decision also concerns acceptance of the Annexes to the Convention. The Convention concerns trade in goods with non-member countries and is an effective means of fostering international trade.

The Commission emphasized that it would be desirable for the Community and its Member States to deposit their instruments of acceptance/ratification of the Convention simultaneously at the Customs Co-operation Council's meeting at the beginning of July 1993, or at the latest on 1 October 1993, so that it can enter into force for the Community and its Member States on 1 January 1994, from which date the new Community Customs Code will be applicable.

#### Internal market - cultural objects

Following approval by the European Parliament on 10 February 1993 of its common position of 9 December 1992, the Council finally adopted the Directive on the return of cultural objects unlawfully removed from the territory of a Member State (see press releases 9760/92 Presse 197 and 10788/92 Presse 240).

The Directive is one of the two measures necessary for the abolition of controls at internal frontiers in the field of cultural objects, the second being the Regulation on the export of cultural goods which was also adopted by the Council on 9 December 1992.

The purpose of the Directive is to guarantee Member States the return to their territory of national treasures which have left it illegally, and to that end it establishes co-operation between the competent authorities of the Member States and a judicial procedure directed towards the return of cultural objects.

Implementation of the Directive is scheduled for nine months from its adoption, except for Belgium, Germany and the Netherlands (no later than 12 months after adoption).

The Regulation will enter into force on the third day following the publication of the Directive in the Official Journal.

ANNEXBREAKDOWN OF THE AMOUNTS DEEMED NECESSARY TO  
IMPLEMENT THE VARIOUS ACTIVITIES ENVISAGED

(In millions of ecus)

		1990-92	1993-94	TOTAL
I.	<b>ENABLING TECHNOLOGIES</b>			
1.	<b>Information and communications technologies</b>	974	1 542	2 516
	- Information technologies			1 532
	- Communications technologies			554
	- Development of telematics systems of general interest			430
	<b>Industrial and materials technologies</b>			
2.	- Industrial and materials technologies	390	617	1 007
	- Measurement and testing			848
	<b>MANAGEMENT OF NATURAL RESOURCES</b>			159
II.	<b>Environment</b>			
3.	- Environment	227	360	587
	- Marine sciences and technologies			469
	<b>Life sciences and technologies</b>			118
4.	- Biotechnology	325	515	840
	- Agricultural and agro-industrial research <sup>(1)</sup>			186
	- Biomedical and health research			377
	- Life sciences and technologies for developing countries			151
	<b>Energy</b>			126
5.	- Non-nuclear energies	357	706	1 063 <sup>(2)</sup>
	- Nuclear fission safety			217
	- Controlled nuclear fusion			228
	<b>OPTIMIZATION OF INTELLECTUAL RESOURCES</b>			588
III.	<b>Human capital and mobility</b>			
6.	- Human capital and mobility	227	360	587
				587
<b>TOTAL</b>		<b>2 500</b>	<b>4 100</b>	<b>6 600 <sup>(3)</sup> <sup>(4)</sup></b>

<sup>(1)</sup> Including fisheries.<sup>(2)</sup> Including ECU 50 million to be allocated with priority to "non-nuclear energies".<sup>(3)</sup> Including ECU 66 million for the centralized action of dissemination and exploitation provided for in Article 4, drawn proportionally from each activity.<sup>(4)</sup> Including ECU 180 million for 1990-1992 and ECU 370 million for 1993-1994 for the Joint Research Centre.



Bruxelles, 12 mars 1993,

NOTE BIO (93) 57 AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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### PREPARATION DU CONSEIL ECOFIN DU 15 MARS 1993

(V. d'Udekem)

Trois points relevant de la compétence de Madame Christiane SCRIVENER, Commissaire en charge de la Fiscalité, des Douanes et de la Politique des Consommateurs, figurent à l'ordre du jour du Conseil ECOFIN du lundi 15 mars 1993.

#### 1. Taxe énergie/CO2

La Présidence diffusera un rapport faisant le point sur l'évolution des travaux relatifs à la proposition présentée par la Commission le 27 mai dernier (P(92)29 et 33) dans le cadre d'un Plan global visant à lutter contre l'effet de serre et à respecter l'objectif communautaire de stabilisation en l'an 2000 des émissions de CO2 de la Communauté à leur niveau de 1990.

Le dispositif fiscal proposé repose sur l'instauration dans toute la Communauté d'une taxe CO2/énergie et la mise en place d'incitations fiscales à la réalisation d'investissements tendant à économiser l'énergie ou à réduire les émissions de dioxyde de carbone.

La taxe CO2/énergie serait définie et établie au niveau communautaire mais ses modalités de perception et de recouvrement relèveraient des Etats membres. Les recettes de cette taxe leur reviendraient également.

La Commission propose que cette taxe respecte le principe de neutralité fiscale, c'est-à-dire qu'elle ne conduise pas à un accroissement global des charges fiscales dans les Etats membres. La proposition comprend également une exigence de conditionnalité : cette taxe ne pourra être créée en Europe que si une taxe similaire ou des mesures ayant un effet financier équivalent sont introduites dans les autres pays de l'OCDE.

#### 2. Franchises voyageurs

Lors du Conseil ECOFIN du 14 décembre dernier, les Douze étaient arrivés à un large accord concernant l'augmentation du niveau de la franchise des pays tiers de son niveau actuel, soit 45 écus, à 175 écus.

L'augmentation de la franchise pays tiers nécessite, comme toutes les décisions en matière fiscale, un accord des Douze à l'unanimité. A ce jour une délégation maintient toujours sa réserve.

Cette franchise concerne les marchandises que les voyageurs peuvent importer de pays extérieurs à la CEE pour leur usage personnel sans procéder aux formalités fiscales et douanières d'import-export. Ces marchandises ont bien sûr été achetées en acquittant les différentes taxes appliquées dans le pays d'origine.

La Commission est en principe favorable à une décision de relèvement de la franchise pays tiers. Rappelons que depuis le 1er janvier 1993, il n'y a plus aucune limite aux achats des voyageurs se déplaçant à l'intérieur de la Communauté, il est donc logique de procéder à une certaine augmentation des facilités en provenance de pays tiers.

**3. Directive Redevances/Intérêts (novembre 1990)**

Madame SCRIVENER va demander qu'un mandat soit donné au COREPER pour que les points politiques encore en suspens et les solutions possibles fassent l'objet d'un rapport soumis en vue de l'adoption de la directive au Conseil du mois d'avril.

Amitiés,  
B. JULIEN



Bruxelles, le 15 mars 1993

**NOTE BIO(93) 57 (suite 1) AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE**

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**CONSEIL ECOFIN DU 15 MARS 1993 (V. d'Udekem)**

Ci-après quelques informations sur les points relevant de la compétence de Madame Christiane SCRIVENER, Commissaire en charge de la Fiscalité, des Douanes et de la Politique des Consommateurs:

1. Taxe CO2/Energie

Les Douze ont pris connaissance d'un rapport de la Présidence sur l'évolution des travaux relatifs à cette proposition. Ceux-ci seront poursuivis afin de permettre au Conseil ECOFIN d'avoir une discussion approfondie sur ce point au mois de juin de cette année.

Le dossier sera également discuté lors du Conseil Energie/Environnement que la Présidence a l'intention de convoquer à la fin du mois d'avril.


2. Franchises voyageurs pays tiers

La délégation allemande maintenant sa réserve, une décision n'a pas pu être adoptée par le Conseil sur ce point.

3. Fiscalité des entreprises

Madame Scrivener a attiré l'attention du Conseil sur la nécessité de progresser rapidement sur les propositions mises sur la table par la Commission dans ce domaine, notamment sur celle relative à la suppression des retenues à la source sur les paiements d'intérêts et de redevances entre entreprises de différents Etats membres. Madame Scrivener a demandé que le COREPER soit chargé de soumettre au Conseil ECOFIN du mois d'avril un rapport sur les points restants à régler pour permettre l'adoption de la directive.

Amitiés,

  
Xavier PRATS



Bruxelles, le 15 mars 1993

NOTE BIO(93) 57 (suite 2) AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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ECO/ FIN COUNCIL 15 MARCH 1993 (T. KRØYER)

#### **Greek Convergence Programme**

Vice-President Henning Christophersen said that the Council had examined and endorsed the Greek Convergence Programme. That implies that Greece is eligible for the Cohesion Fund. If Greece imposes a strong self discipline over a number of years, it should be possible for Greece to participate in Stage Three of EMU.

Following are the conclusions on the debate on the convergence programme:

On 15 March 1993, the Council examined and endorsed the Greek Programme for Economic Convergence 1993-1998. The Council welcomed the acceleration of major structural reforms and fiscal consolidation achieved in 1992 and noted that determined continuation and full implementation would be needed to achieve the targets of the convergence programme.

The Greek Convergence Programme is an ambitious attempt to prepare Greece to meet the conditions necessary for participating in EMU. While recognising the optimistic nature of the programme, the Council also noted that an ambitious programme was essential in the light of Greece's economic problems. The Council therefore fully supports the efforts of the Greek Government. Structural reforms and the privatisation programme need to be pursued vigorously if the private sector is to achieve the dynamism outlined in the programme.

The Council underlined the need to give priority to budgetary consolidation and to ensure the achievement of the programme targets by effective implementation of measures. In particular, there was need to increase the efficiency of the tax collection system and to reduce overmanning in the public sector. It noted the commitment of the Greek authorities to take adequate contingency measures to ensure the attainment of the budgetary and inflation targets.


#### **Russia**

The Vice-President said that Russia had not been discussed in the formal meeting, but he told journalists that the Community has an important interest in the proper functioning of the Russian economy. He confirmed that there is a problem with Russia serving the 500 million Ecu loan, and he did not exclude negotiations on a debt rescheduling with participation of the Community.

#### **The Growth Initiative**

Vice-President Henning Christophersen told journalists at a Press

Conference that he did not consider that the contributions received from Member States at this stage are sufficient. More must be done to create a satisfactory level of growth, he said. He underlined that the German solidarity pact is a very important contribution which could pave the way for a reduction in interest rates, not just in Germany but also in other Member States. He also expressed hope that the British budget would contain growth elements in line with the Edinburgh Conclusions. He expected a full fledged package containing quantified national contributions to be carried out as a concerted action could be ready for the April ECO/FIN Council.



Regards,

X. PRATS