



COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT



PRESS RELEASE

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1276th Council meeting

- General Affairs -

Brussels, 21 and 22 November 1988

President: Mr Theodoros PANGALOS
Deputy Minister for
Foreign Affairs of the
Hellenic Republic

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

Belgium:

Mr Leo TINDEMANS

Minister for Foreign Affairs

Mr Paul DE KEERSMAEKER

State Secretary for European Affairs

Denmark:

Mr Uffe ELLEMANN-JENSEN

Minister for Foreign Affairs

Mr Knud-Erik TYGESEN

State Secretary,
Ministry of Foreign Affairs

Germany:

Mr Martin BANGEMANN

Federal Minister for Economic Affairs

Mrs Irmgard ADAM-SCHWAETZER

Minister of State,
Federal Ministry of Foreign Affairs

Greece:

Mr Theodoros PANGALOS

Deputy Minister for Foreign Affairs

Mrs VASSO PAPANDREOU

Deputy Minister for Trade

Spain:

Mr Francisco FERNANDEZ ORDONEZ	Minister for Foreign Affairs
Mr Pedro SOLBES MIRA	State Secretary for Relations with the European Communities
Mr Luis LIGERO	State Secretary for Trade

France:

Mr Roland DUMAS	Minister for Foreign Affairs
Mrs Edith CRESSON	Minister for European Affairs
Mr Jean-Marie RAUSCH	Minister for Foreign Trade

Ireland:

Mr Brian LENIHAN	Minister for Foreign Affairs
Mrs Maire GEOGHEGAN-QUINN	Minister of State for EEC Matters

Italy:

Mr Renato RUGGIERO	Minister for Foreign Trade
Mr Gianni MANZOLINI	State Secretary for Foreign Affairs

Luxembourg:

Mr Jacques F. POOS	Minister for Foreign Affairs
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Netherlands:

Mr H. VAN DEN BROEK	Minister for Foreign Affairs
Mr Y.M.C.T. van ROOY	Minister for Foreign Trade, State Secretary for Economic Affairs
B.J.M. Baron van VOORST tot VOORST	State Secretary, Ministry of Foreign Affairs

Portugal:

Mr João de DEUS PINHEIRO	Minister for Foreign Affairs
Mr Vitor MARTINS	State Secretary for European Integration

United Kingdom:

Sir Geoffrey HOWE	Secretary of State for Foreign and Commonwealth Affairs,
Mr Alan CLARK	Minister of State, Department of Trade and Industry
Mrs Lynda CHALKER	Minister of State, Foreign and Commonwealth Office

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Commission:

Mr Jacques DELORS	President
Mr Claude CHEYSSON	Member
Mr Willy DE CLERCQ	Member
Mr Grigoris VARFIS	Member

PREPARATION FOR THE EUROPEAN COUNCIL MEETING IN RHODES

The Council took note of the information given by its President on arrangements for the European Council meeting in Rhodes on 2 and 3 December 1988 and on the topics envisaged for discussion by the Heads of State or of Government, in particular Community development towards the large market, including the social dimension, the Community's role in the world, environmental problems, the development of the audio-visual industry, infrastructure (particularly transport) and the situation of border and island areas. The traditional topics of the economic and social situation and the international political situation were also to be discussed.

RELATIONS WITH CYPRUS

The Council adopted the Community position for the 12th meeting of the EEC-Cyprus Association Council at ministerial level, which took place alongside the Council meeting in the early evening of Monday 21 November 1988.

THIRD FINANCIAL PROTOCOLS WITH CYPRUS AND MALTA

The Council discussed the prospective content of the new Financial Protocols with Cyprus and Malta. In the light of the discussion, the Commission was to submit to the Council an amended proposal, which the Permanent Representatives Committee was instructed to examine without delay.

COUNCIL CONCLUSIONS ON THE MID-TERM REVIEW OF THE URUGUAY ROUND

The Council, in the context of its preparations for the forthcoming meeting at ministerial level of the Uruguay Round Trade Negotiations Committee (Montreal, 5 to 8 December), had a general exchange of views on the prospects for the Mid-Term Review and for the negotiations as a whole. It noted that one of the aims of the progress of work to achieve the Single Market coincides with those of the Uruguay Round, viz. to strengthen and maintain the multilateral trading system. Following this the President of the Council drew the following conclusions:

- the Council had been informed by the Commission of the current state of preparation and of the prospects for the Uruguay Round negotiations both at the Mid-Term Review and afterwards;
- the Council noted that the Mid-Term Review is of importance for progress in the negotiations, is an intermediate step towards a successful outcome for the negotiation in 1990, and is based on the concept of globality set out in the Punta del Este Declaration;
- the Council welcomed the Commission's Communication of 10 November 1988 - "The Uruguay Round Mid-Term Review" - which it considered gave the necessary general orientations for a Community position at the Montreal meeting within the Overall Approach adopted by the Community ⁽¹⁾;

⁽¹⁾ The Council took note of the Commission's intention to submit in the very near future a proposal on tropical products, the technical aspects of which will be examined by the Article 113 Committee and which will be the subject of a decision by the Council in Montreal.

- the Council recognized the importance for the Community of strengthening and modernizing the open multilateral trading system and the institution of the GATT itself, of the integration into the system of non-traditional sectors, and of the fullest participation therein of all contracting parties, in accordance with their level of development;
- the Council concurred with the recommendation adopted by the "Agriculture" Council on 14 November 1988 regarding the Mid-Term Review (see Annex I);
- the Council underlined the importance, for the negotiation and effective implementation of the results of the Uruguay Round, of further improvement to the monetary and financial environment;
- the Council urged all participants, during the remainder of the negotiations, to avoid undertaking actions which might endanger effective implementation of their standstill commitment, and to ensure more effective implementation of their rollback commitment;
- the Council expected that the Community would seek an outcome of the Montreal meeting in accordance with the orientations already agreed. The Community would on this basis be in a position to play an active role in the promotion of common bases to facilitate the future negotiating process, including, where appropriate, decisions as to provisional implementation of specific measures.

MULTILATERAL NEGOTIATIONS UNDER GATT: AGRICULTURE PART

At the close of an exchange of views on the preparation of the Conference to be held in Montreal in December on the multilateral negotiations under GATT, the Council adopted the following recommendation on the agriculture part of these negotiations which is to be addressed to the General Affairs Council:

"The Council has noted the Commission communication and the statement by Vice-President Andriessen. Having discussed the matter, the Council has reached the following conclusions:

The Mid-Term Review to be conducted in Montreal at the beginning of December is important for the continuation of negotiations but is only an intermediate stage on the way to completion of the negotiations in 1990. Although recognizing that the agricultural sector plays an important role in the negotiations, the Council would point out that the Punta del Este Declaration enshrines the principle of the global nature of the negotiations.

The Council would also point out that the Community in spite of the diversity of its agricultural structures has taken major steps to adapt the CAP. These steps have already had a favourable effect on world prices. There is, therefore, every reason for the Community to play an active part during the mid-term review.

More specifically, the Council is insistent that the Community remain faithful to the Declaration adopted at Punta del Este and to its proposal, as well as to the various positions adopted at Geneva. The Community should therefore continue to distinguish between the short term and the long term.

The short term should involve a freeze on support, measured in accordance with the Community proposal, and a reduction to be defined. This approach would enable the adjustments to the CAP in recent years to be capitalized internationally. With regard to the long term, the Council confirms the Community's position that this should encompass a reduction of support significantly affecting international trade in agricultural products, together with the adjustment of protection, a strengthening of the GATT rules and the minimizing of the adverse effect of the health and plant health regulations on trade in agricultural products.

Such measures are in any case conditional on balanced commitments by all parties to the GATT negotiations.

Throughout the negotiations, the Community has taken into account the interests of developing countries, whether net exporters or net importers. The Community will need to continue this approach in the future.

The Council therefore agrees on the prospects outlined in the memorandum on agriculture contained in the communication to the Council, while leaving the Commission some room for manoeuvre in Montreal. The Community will thus be able to speak with one voice, which is vital for the success of the meeting."

USA: HORMONES

The Council:

- took note of the situation on the hormones issue;
- considered that recourse by the USA to restrictive unilateral measures based on the Trade Act would constitute a violation of GATT rules; it therefore decided to refer the matter to GATT and approved a draft notification to GATT for the purpose;
- agreed to the principle of Community counter-measures, should the USA implement unilateral measures, and accordingly called on the Commission to prepare, via Article 113 procedures, a list of such possible counter-measures;
- encouraged the Commission to continue talks with the US authorities with the aim of arriving with them at a satisfactory solution to the dispute under existing rules;
- asked the Commission to keep the Permanent Representatives Committee regularly informed of developments on this issue, to which it agreed to return, if necessary, at its December meeting.

1989 GENERALIZED PREFERENCES SCHEME

In the light of the European Parliament's Opinion, the Council agreed on the main components of the 1989 GSP.

The scheme for 1989 involves some adjustments compared with 1988, continuing to put into practice the principles already laid down by the Council as regards greater differentiation (including exclusion) for the most competitive beneficiary countries. Some exclusions are to be made in the industrial and textiles sector. Individual amendments were also made to the list of sensitive products. At the same time the offer is to be improved for beneficiaries other than highly competitive countries.

In the agricultural sector some new individual concessions are to be introduced.

For steel products the status quo is maintained.

On management, in the light of the Court's judgment regarding quotas, the Council decided to make significant changes to the system of amangement in the 1989 GSP. In this connection, a considerable increase is planned in the number of unallocated industrial quotas, an increase in the volume of the reserve for industrial and agricultural products and the introduction of a reserve in the textiles sector. Only where compelling reasons so required did the Council continue with allocation between Member States or allow voluntary transfers to the reserve.

The legal texts of the GSP Regulations are to be submitted for formal approval at a Council meeting in December and will be published in the Official Journal as soon as possible.

SITUATION IN THE TEXTILE INDUSTRY

The Council held a detailed discussion on the situation in the Community textile and clothing industry on the basis of the recent Commission report. It instructed the Permanent Representatives Committee to draw up the conclusions which emerged from the discussion.

REFORM OF THE STRUCTURAL FUNDS: IMPLEMENTING REGULATIONS

The Council:

- agreed, subject to examination of the amendments proposed by the Commission following the European Parliament's first reading, to common positions on the co-ordinating Regulation and the ERDF Regulation;
- approved joint guidelines on the Social Fund Regulation and the EAGGF Guidance Regulation.

This result was brought about after very laborious discussions through a compromise package produced by the Presidency in the light of all work carried out on the subject.

The first two texts will be forwarded to the European Parliament under the co-operation procedure so that it can discuss them at its December part-session.

The other two proposals were dealt with in a conciliation meeting with the European Parliament.

Parliament's delegation was led by the Lord PLUMB, President of the European Parliament, and comprised for the Committee on Regional Policy and Regional Planning: Mr DE PASQUALE, Chairman, Mr VANDEMEULEBROUCKE, First Vice-President, Mr AVGERINOS, Rapporteur on the "horizontal" Regulation, Mr ALVAREZ DE EULATE, Rapporteur on the ERDF Regulation; for the Committee on Social Affairs and Employment: Mr GOMEZ, Chairman, Mr BROK, Rapporteur on the ESF Regulation; for the Committee on Agriculture, Fisheries and Food: Mr COLINO SALAMANCA, Chairman; for the Committee on Budgetary Control: Mr ROSSI, Rapporteur, and Mrs THEATO.

The conciliation meeting enabled the European Parliament to give its views on the matter as a whole and to propose a number of amendments to the two drafts specifically under conciliation: the Social Fund and EAGGF Guidance Regulations.

Following the meeting, the Council agreed to a number of amendments proposed by the European Parliament.

The Council accordingly expected to be able to adopt the 4 Regulations by the end of December so that the reform of the Structural Funds could actually come into force on 1 January 1989.

MISCELLANEOUS DECISIONS

Exceptional aid for the Kalamata area

The Council approved a letter to the EIB asking it to grant loans from its own resources for up to the equivalent of 100 MECU in order to finance investment for the reconstruction of production facilities and economic and social infrastructure, including housing, in the areas stricken by the earthquakes in the Kalamata region of Greece in September 1986.

The Council had previously decided on 7 November that the end recipients of the loans could qualify for a 3% interest subsidy out of the Community's budget for a maximum of twelve years.

Relations with the EFTA countries

The Council adopted a common position on the draft Decisions of the EEC-Austria/Finland/Sweden Joint Committees amending the Agreements between the EEC and those countries and certain other Agreements concluded in that context between the EEC and those countries consequent on the implementation of the Harmonized Commodity Description and Coding System.

Relations with Hungary

The Council formally adopted the Decision on the conclusion of an Agreement on trade and commercial and economic co-operation between the European Economic Community and the Hungarian People's Republic.

Both sides are very shortly to notify completion of the internal procedures necessary for the purpose and the Agreement will thus come into force on 1 December 1988.

Relations with Syria

The Council formally adopted the Decision on the conclusion of an Additional Protocol to the Co-operation Agreement between the European Economic Community and Syria.

The Additional Protocol can thus come into force on 1 December 1988.

Relations with Israel

The council formally adopted Decisions:

- concluding the 4th Additional Protocol to the EEC-Israel Agreement and the 3rd Financial Protocol.

The first of those Protocols will enter into force on 1 December 1988 and the second on 1 January 1989;

- on the implementation, by means of unilateral measures, of the technical adaptation Protocols to the EEC/ECSC-Israel Agreements consequent on the accession of Spain and Portugal.

Appointments

Acting on a proposal from the Irish Government, the Council appointed Mr John FREEMAN as a Member of the Economic and Social Committee in place of Mr Henry CURLIS, deceased, for the remainder of the latter's term of office, which runs until 20 September 1990.

Bruxelles, le 22 novembre 1988

NOTE BIO(88)364 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

CONSEIL AFFAIRES GENERALES (F. LE BAIL)

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* SPG :

Le Conseil a adopté le schéma SPG pour 89 à l'unanimité dont 7 abstentions.

Le schéma 89 couvrira quelque 25 milliards d'Ecus d'exportations en provenance des pays en voie de développement avec une augmentation de 9% par rapport à l'année précédente.

Le SPG accorde l'accès en franchise à tous les produits manufacturés en provenance des pays en voie de développement qui ne bénéficient pas de préférence sur une base contractuelle. Ce schéma s'applique également aux secteurs aussi sensibles que les textiles, les chaussures, les produits sidérurgiques et pétrochimiques. Dans le secteur agricole, la Communauté accorde des réductions sur les droits d'importation pour près de 400 produits qui ont une importance particulière pour les pays en voie de développement.

Dans le schéma 89, la Communauté poursuit sa politique de différenciation qui consiste à exclure des couples produits/pays lorsque les fournisseurs ont démontré leur compétitivité en totalisant plus de 20% des importations extra-CEE pour les produits en cause. En 1989, six nouvelles exclusions sélectives auront lieu. Il s'agit du méthanol en provenance de Libye, d'acide glutaminique, de câbles en fer et de pianos droits en provenance de Corée du Sud⁽¹⁾ et d'horloges, pendules et boîtiers de montres en provenance de Hong-Kong. Sept produits pétrochimiques en provenance d'Arabie Saoudite font l'objet d'une réduction de 50% de leurs montants préférentiels. Ce point a d'ailleurs causé des difficultés jusqu'à la dernière minute et a provoqué l'abstention de l'ensemble des grands pays qui jugeaient politiquement inopportun d'appliquer dès cette année la différenciation à ces produits.

Dans le secteur agricole, une concession supplémentaire est faite pour le café vert dont le droit passe à 4%, ceci pour répondre à une demande de longue date des pays latino-américains. Cependant, le Conseil n'a pas complètement suivi la Commission qui proposait d'octroyer aux pays les moins avancés un accès similaire à celui des pays ACP (droit 0) pour les ananas, les figues sèches, les raisins secs et les fraises congelées. Ceci n'a pas été accordé pour le schéma 89, mais le Conseil a adopté une déclaration de préjugé favorable pour le schéma 1990.

(1) La Corée continue à apparaître dans le schéma SPG mais l'application des préférences est totalement suspendue depuis le 1er janvier 1988.

S'agissant de la gestion, le Conseil a très largement suivi la position de la Commission qui, se basant sur l'arrêt récent de la Cour, demandait la suppression de la répartition entre Etat membre des contingents communautaires. En effet, cette répartition disparaîtra pour l'ensemble des produits industriels à l'exception de 13.

* Situation de l'industrie textile dans la Communauté :

Le Conseil a procédé à un échange de vues sur le rapport de la Commission sur la situation de l'industrie textile et de l'habillement dans la Communauté. (IP(88)723). Toutefois, il n'a pas adopté de conclusions pour des raisons purement techniques. Ces conclusions seront finalisées par le prochain Coreper.

En présentant ce rapport, Mr De Clercq a fait valoir que si dans les années récentes les importations en provenance des pays couverts par des accords avaient nettement augmenté, il n'en restait pas moins que le protectionnisme ne serait pas la solution à ce problème. "Plutôt que d'une protection supplémentaire, a-t-il dit, l'industrie européenne a besoin d'une libéralisation effective des marchés qui constituent ses débouchés potentiels. Dans le cadre de l'Uruguay Round, a-t-il ajouté, la Commission s'est attachée à faire ressortir la nécessité de renforcer les règles et disciplines du GATT affectant le commerce du textile ainsi qu'à la création de conditions normales de concurrence pour le commerce de produits textiles". La Commission, a-t-il ajouté, préservera les intérêts de la Communauté dans le cadre des négociations en cours avec deux exportateurs majeurs de textile à savoir la Turquie et la Chine. Toutefois, a-t-il conclu, nous devons poursuivre les discussions au sein de la Communauté sur l'avenir de ce secteur en prenant compte trois échéances majeures : 1990, fin de l'Uruguay Round; 1991, expiration de l'AMF IV; 1992, réalisation du marché unique.

* Hormones / Etats-Unis :

Mr De Clercq a informé le Conseil que la réponse américaine aux suggestions faites par la Commission pour une solution du problème des hormones (exemption de l'application de la directive communautaire pour les abats utilisés dans l'alimentation des animaux domestiques, augmentation du quota de Hilton beef) avait été rejeté par Mr Yeutter.

Dans ces conditions, Mr De Clercq a proposé au Conseil deux mesures :

- porter devant le GATT les mesures de rétorsions arrêtées par les Etats-Unis en décembre 1987 mais dont l'application a été suspendue et
- arrêter le principe de rétorsion en cas de mise en oeuvre des mesures américaines.

Le Conseil a suivi Mr De Clercq et a adopté des conclusions dans ce sens. Il y a ajouté la demande que la Commission "poursuive ses contacts avec les autorités américaines en vue de rechercher avec celles-ci une solution satisfaisante du contentieux dans le cadre de la réglementation existante".

Il a été convenu que le Conseil fera le point sur ce sujet à sa prochaine session de décembre.

* Uruguay Round :

Le Conseil n'a guère eu le temps de discuter de ce point et il s'est contenté d'adopter des conclusions en vue de l'examen à mi-parcours de l'Uruguay Round qui se tiendra à Montréal du 5 au 8 décembre prochain.

Le Conseil souligne le caractère d'étape intermédiaire de la réunion de Montréal et réaffirme le principe de globalité des négociations. Il souligne l'importance pour la Communauté du renforcement et de la modernisation du GATT ainsi que l'importance du lien entre le commercial, le monétaire et le financier. Enfin, le Conseil approuve la recommandation adoptée par le Conseil "Agriculture" du 14 novembre 1988.

* Chypre :

En marge du Conseil, s'est tenu le Conseil d'Association avec Chypre. Mr Jacobou, Ministre des Affaires Etrangères de Chypre a rappelé que l'Europe constitue le choix incontesté de son pays. Il s'est félicité du dialogue politique qui sera entamé avec la Communauté européenne à la fin de ce mois. Il a souligné que son pays continuait à avoir un déficit important avec la Communauté et a fait des suggestions portant sur les règles d'origine et des concessions sur certains produits, pour y remédier.

Mr Cheysson a pour sa part souligné que les relations entre Chypre et la Communauté seraient renforcées dans l'avenir au niveau de la coopération politique mais aussi en raison de la marche inéluctable vers l'union douanière. "L'union douanière, a-t-il dit, est un saut qualitatif considérable". L'une des réponses pour trouver un meilleur équilibre de nos relations commerciales, a fait valoir Mr Cheysson, est la diversification. nous devons aller plus loin dans la recherche d'entreprises conjointes en particulier pour les PME. c'est pourquoi, a-t-il ajouté, nous attachons beaucoup d'importance aux capitaux à risque. Nous voulons réussir avec Chypre une coopération à tous les niveaux. Chypre peut être un modèle du genre puisque c'est un pays qui se développe, qui bénéficie d'une économie de marché et qui est stable politiquement. Enfin, Mr Cheysson a rappelé que la Communauté souhaite que sa coopération se fasse au profit de l'ensemble de la population de l'île.

Le Conseil d'association s'est terminé par un échange de vue sur 1992 au cours duquel la Communauté s'est efforcé de rassurer Chypre sur les conséquences externes du grand marché. Pour sa part, Mr Jacovou a indiqué que Chypre avait décidé d'aligner sa législation interne sur toutes les dispositions de la législation communautaire.

Amitiés,



F. LE BAIL.