

COUNCIL OF THE EUROPEAN COMMUNITIES  
GENERAL SECRETARIAT

PRESS RELEASE

8596/89 (Presse 161)

1347th Council meeting

- Industry -

Brussels, 26 September 1989

President: Mr Roger FAUROUX

Minister for Industry and Town  
and Country Planning  
of the French Republic

Presse 161 - G

---

8596/89 (Presse 161 - G)

vic/AH/joc EN

- 1 -

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

Belgium

Mr Willy CLAES

Minister for Economic Affairs

Denmark

Mr Nils WILHJELM

Minister for Industry

Germany

Mr Dieter von WUERZEN

State Secretary, Federal Ministry of  
Economic Affairs

Greece

Mr Constantinos LYBEROPOULOS

Ambassador, Permanent Representative

Spain

Mr Claudio ARANZADI

Minister for Industry and Energy

France

Mr Roger FAUROUX

Minister for Industry and  
Town and Country Planning

Mr François DOUBIN

Minister for Trade and Craft Trades

Ireland

Mr Desmond O'MALLEY

Minister for Industry and Commerce

Italy

Mr Carlo FRANCANZANI

Minister for State Holdings

Luxembourg

Mr Robert GOEBBELS

Minister for Economic Affairs,  
Transport and Public Works

Netherlands

Mr Ch.R. van BEUGE

Ambassador, Permanent Representative

Portugal

Mr Alves MONTEIRO

State Secretary for Industry

United Kingdom

Mr Douglas HOGG

Minister of State, Department of Trade  
and Industry (Minister for Industry and  
Enterprise)

Commission

Mr Martin BANGEMANN

Sir Leon BRITTAN

Mr Antonio CARDOSO E CUNHA

Vice-President

Vice-President

Member

ITALIAN PUBLIC STEEL SECTOR

The Council examined the Commission proposal of 16 June 1989 to postpone certain dates in Commission Decision 89/218/ECSC of 23 December 1988 on the Italian public steel sector.

A very substantial majority of Member States considered that this issue needed to be resolved swiftly and were in favour of the Commission proposal.

The Italian Government was asked to review its position and give its agreement as soon as possible so that the Council could take a unanimous decision in favour of the Commission proposal.

## SITUATION ON THE IRON AND STEEL MARKET

The Council took note of a statement by Mr BANGEMANN, analysing the state of and prospects for the iron and steel market: in the present favourable general economic circumstances, production was steadily expanding due to the increased demand experienced to different degrees by the main industrial sectors using iron and steel, such as the automotive, building and shipbuilding industries. Mr BANGEMANN nevertheless emphasized that there should be no let up on the restructuring and modernizing measures already undertaken since, in the longer term, the Commission's earlier forecasts were still valid.

The Council asked the Commission to keep it regularly posted of developments in the situation in this key industrial sector.

## RELATION WITH THE UNITED STATES - TRADE IN IRON AND STEEL PRODUCTS

The Council was informed by the Commission of progress in the exploratory talks being held with the United States.

The Council asked the Commission to continue soundings with the American authorities during the next few days to ascertain whether the United States Administration was prepared to make a significant move towards liberalizing the steel sector, as President BUSH had announced on 25 July 1989. The Council noted that the Commission would report back to its meeting on General Affairs on 3 October.

## DEVELOPMENT OF SUBCONTRACTING IN THE COMMUNITY

On the basis of a Commission communication, the Council held a policy debate on questions relating to the development of sub-contracting in the Community. At the end of the discussions it adopted the following Resolution:

"THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the proposal from the Commission,

Whereas the Council adopted on 3 November 1986 a Resolution concerning the action programme for small and medium-sized enterprises, and in July 1989 a Decision relating to the improvement of the business environment and the promotion of the development of enterprises, in particular of small and medium-sized enterprises in the Community;

Whereas, following communications on an enterprise policy for the Community and on "strengthening co-operation between European firms: a response to the 1992 internal market deadline", the Commission has sent to the Council a communication on the development of subcontracting in the Community;

Whereas subcontracting is becoming a strategic choice for enterprises as part of their policy to make increased use of external resources;

Whereas, the completion of the single market in 1992, by offering to enterprises wider market opportunities, will enable a more systematic recourse to cross-border subcontracting and, by reinforcing intra-Community competition, will emphasize structural changes in subcontracting relations;

Whereas the improvement of the enterprise environment is a major factor for the cross-border development of subcontracting;

Whereas access to appropriate and pertinent information and the improvement of communications are particularly important for establishing cross-border subcontracting relationships;

Whereas the adjustment to new demands for competitiveness gives rise to a change in relations between main contractors and subcontractors and will therefore call for special efforts on the part of each partner, in particular as regards the scheduling of orders, the organization of contractual relations, adjusting to new technologies and the development of customer diversification policies;

NOTES with interest the Commission's action so far, and in particular its promotion of cross-border subcontracting;

CALLS upon the Commission to pursue, in concert with the Member States, its general role of instigating, initiating and co-ordinating measures aimed at creating a propitious environment for subcontracting;

ENCOURAGES, in addition to the projects undertaken in the Member States, initiatives to improve the flow of information and communication between main contractors and subcontractors, in particular the continuation of work on multilingual sectoral terminologies and the improvement of the systems to assist in the search for partners;

WELCOMES the possibility of setting up a European Information Centre on Subcontracting and requests the Commission to continue its work, in close collaboration with concerned professional organizations and with the Member States;

STRESSES the importance of promoting more balanced relationships between main contractors and subcontractors and of promoting similarly European subcontracting to third country enterprises;

CONSIDERS that an improvement of the legal framework for subcontracting should be brought about for example by a careful examination of the problem of payment periods and that the special case of public procurement must be studied in depth;

WISHES to be kept informed of the progress of the Commission's work on the development of subcontracting in the Community."



## THE ROLE OF CRAFT INDUSTRY AND OF VERY SMALL UNDERTAKINGS IN THE COMMUNITY

Following an introductory statement by Mr CARDOSA E CUNHA, the Council discussed the role of craft industry and of very small undertakings in the Community. This debate formed part of the overall approach on small and medium-sized undertakings, a definition of which has been promised by the Community, and gave delegations an opportunity to state their views on this particular aspect to help pinpoint the special problems facing very small undertakings in the craft industry.

Closing the discussions, the President noted the importance which all delegations placed on this category of undertaking. The Council called upon the Commission to give further thought to the matter in the light of the opinions expressed by the Member States at the meeting and to report back at a forthcoming meeting.

## EXTENSION OF PHARMACEUTICAL PATENTS

The Council took note of a statement by Mr BANGEMANN in which he said that, before the end of the year the Commission intended submitting to the Council a proposal for "restoration" measures (prolonging periods of protection) of patents for pharmaceutical products in view of the need to protect innovation and research in the field in order to safeguard the competitiveness of Community industries.

MISCELLANEOUS DECISIONS

ECSC

The Council gave its assent in accordance with the second paragraph of Article 54 of the ECSC Treaty to the grant of a global loan to the EFIBANCA - Ente Finanziario Interbancario SpA for financing investment programmes which assist the marketing of Community steel.

The Council also gave its assent to a draft Commission Decision establishing the delivery levels of ECSC steel products of Portuguese origin onto the rest of the Community market, excluding Spain.

EEC-Switzerland insurance agreement

The Council authorized its President to proceed with the signing, subject to approval, of the Agreement between the Swiss Confederation and the European Economic Community on direct insurance other than life assurance.

At the same time, the Council decided under the co-operation procedure to consult the European Parliament forthwith on the proposal for a decision on the conclusion of the Agreement, and on the proposal for a Directive on the implementation of the Agreement by the Community and on the proposal for a Regulation laying down particular provisions for defining the Community's position within the Joint Committee set up under the Agreement. It also requested the Opinion of the Economic and Social Committee.

The Council asked the European Parliament and the Economic and Social Committee to deliver their Opinions in November so that the Council could adopt its common position on these proposals by the end of the year.

Bruxelles, le 25 septembre 1989

NOTE BIO (89) 271 AUX BUREAUX NATIONAUX  
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

---

433

#### PREPARATION DU CONSEIL INDUSTRIE

---

Le Vice-Président Bangemann présentera aux Douze mercredi les perspectives du marché sidérurgique à court terme. L'année 1989 se traduira selon les dernières prévisions de la Communauté Européenne par un nouveau record de production d'acier brut de l'ordre de 139 millions de tonnes (contre 137 millions de tonnes en 1988) atteignant ainsi le plus haut niveau depuis 10 ans. En effet tous les indicateurs montrent que les prévisions pour le 4ème trimestre 1989 restent très favorables, en particulier l'activité dans le secteur du bâtiment et du génie civil reste très soutenue.

L'on ne s'attend pas à un débat des Ministres de l'Industrie à ce sujet, mais ces données seront sans nul doute prises en considération lors de la discussion du thème délicat qui occupe les Douze depuis plusieurs mois, à savoir la restructuration de la sidérurgie publique italienne.

(W. HELIN)

#### DEVELOPPEMENT DE LA SOUS-TRAITANCE DANS LA COMMUNAUTE (J. VALE DE ALMEIDA)

---

Le Conseil devrait adopter un projet de résolution présenté par la Commission où il encourage les efforts de celle-ci en vue de la promotion de la sous-traitance transnationale et de l'amélioration de l'information et de la communication entre donneurs d'ordres et sous-traitants. La création d'un centre européen d'information sur la sous-traitance sera envisagée, sur base d'une proposition de M. Cardoso e Cunha, au nom de la Commission. Le débat et la résolution qui auront lieu au Conseil se placent dans le contexte de la politique communautaire de l'entreprise, approuvée par les Ministres de l'Industrie le 21 juin dernier.

#### ARTISANAT ET TRES PETITES ENTREPRISES

---

M. Cardoso e Cunha présentera ce thème oralement et invitera les Ministres à un échange de vues, préalable à la présentation ultérieure de propositions par la Commission.

**FINSIDER (M. BERENDT)**  
-----

The Council will once again discuss the proposed Commission decision on FINSIDER. In December 1988, the Council voted unanimously for a package which allowed state aid of 7670 thousand million Lire to be paid to FINSIDER, the state-owned steel company on condition that a major restructuring programme was put into effect. This included the closure of the liquid phase of the Bagnoli steel plant near Naples. In March 1989, the Italian government requested an extension of the closure dates for this and other plants in view of changing market circumstances.

The Commission accepted some of the arguments put forward and came forward with a revised draft decision in June (see IP(89) 474). This extended the closure date for Bagnoli to March 31 1990 and also modified closure dates for other installations.

It is not yet clear what the Italian position will be in the Council, although there are some indications that the Minister will seek further extensions. The Commission believes that the Council should take a vote on this issue and Sir Leon will be pressing for a decision.

**MATERIEL DIFFUSE**  
-----

IP 696            Sir Leon Brittan se rend a Lyon  
IP 706            "Europe 1989" Exercice communautaire de protection  
                  civile  
IP 707            M. Millan dans le Mezzogiorno  
IP 709            Aide d'urgence Somalie

MEMO 51           Opération PHARE  
MEMO 52           Western bridge of the Great Belt : déclaration du  
                  gouvernement danois devant la Cour de Justice à  
                  Luxembourg  
Calendrier de la Cour de Justice

Amitiés,

C.D. EHLERMANN

*f.o*  
*13 11 11*

NOTE BIO (89) 271 suite 1 AUX BUREAUX NATIONAUX  
CC: AUX MEMBRES DU SERVICE PORTE-PAROLE

---

Industry Council - 26 September 1989 - M.F. Berendt

---

FINSIDER


---

The Italian government maintained its opposition to adoption of the Commission draft decision of June 1989 which included extended closure dates for Italian steel plant. This was despite a clear willingness by 11 member states to give their agreement to the proposal. Since unanimity is required the legal position is that the December 1988 decision is still valid, which would have required the closure of the liquid phase of the Bagnoli plant at the end of June 1989.

The Italian Minister argued that the buoyant situation in the steel industry made it difficult to close the Bagnoli plant within the deadline of March 31 1990 put forward in the Commission's new draft decision. He called for the use of a formula, whereby the plant would be closed when the market had declined. This view was rejected both by the Commission and by most member states, although all recognised the progress which had been made in modernizing the Italian steel industry. Sir Leon Brittan said that the Commission's proposal was fair and balanced, that Italy was already in an illegal position, and that a failure to implement decisions already taken by the Council in steel restructuring could compromise the current talks with the United States on voluntary restraint arrangements for exports of steel.

In its conclusions the Council regretted the fact that the Italian delegation could not indicate agreement to the proposal. Eleven member states called for a rapid settlement of the matter although the German delegation said that its final approval would depend on definitive acceptance by the Italian government. The Council called on the Italian government to reconsider its position and to give its early agreement to allow the Commission proposal to be adopted and thereby avoid the risk of legal action by the Commission.

Regards,

PC TB D LA 

C.D. Ehlermann

Bruxelles, le 26 septembre 1989

NOTE BIO 271(suite et fin) AUX BUREAUX NATIONAUX  
CC. : Membres du Service du Porte-parole

ATTENTION SPECIALE WASHINGTON

NO STEEL AGREEMENT WITH US WITHOUT A STEP TOWARDS FREER MARKET  
( W. Hélin)

We are ready to continue talking to the US about a possible new steel agreement provided it corresponds to the announcement made by President Bush in July, i.e. this would be the last agreement and it would be a step to liberalize the steel market, Vice-President Martin Bangemann told the twelve Ministers of Industry to-day at a Council meeting in Brussels.

The statement by President Bush, said M. Bangemann, came as a good surprise, but when we started the actual talks with the US, we noticed that the terms of the proposed agreement did not at all correspond to the presidential announcement. Indeed, he added, those terms meant more products under quotas and globally, a more "dirigist" attitude.

This was not acceptable. Faced with the alternative either to break up or resume the talks, we opted for the latter solution, Vice-President Bangemann added. It was a good idea, he continued, as the new offer made by the US side is already going a step in the right direction. Nevertheless, we cannot accept the offer as it stands : we stick to the view, that there ought to be a clear commitment to liberalize steel trade and not to restrict it.

The Twelve backed M. Bangemann, although some member states (Germany, UK, Denmark and the Netherlands) confirmed that they were not in principle in favour of a renewed agreement.

Earlier, Vice-President Bangemann had informed the Ministers about the short-term evolution of the steel market in the Community. In substance, he indicated that 1989, according to the latest forecasts would end with yet another production record broken, with a probable output of 141 million tonnes of crude steel, compared to 137 million tonnes for 1988, which was already 9 % above 1987 levels.

The continuing boom in the car sector, the steady growth of activity in construction and civil engineering and, also in a way, a better situation in shipbuilding, M. Bangemann said, are the predominant factors behind the exceptional steel year.

Nevertheless, Vice-President Bangemann warned, European steel makers should not forget their commitments to further restructure steel capacities : optimism should not be misunderstood as light-headedness, he said.

Amities,  
*C. D. Ehlermann*  
C.D. Ehlermann