

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

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1536th Council meeting

- INDUSTRY -

Brussels, 18 November 1991

President: Mr J.E. ANDRIESSEN

Minister for Economic Affairs
of the Kingdom of the Netherlands

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

Belgium

Mr Lode WILLEMS Deputy Permanent Representative

Denmark

Mrs Anne-Birgitte LUNDHOLT Minister for Industry

Germany

Mr Jochen GRÜNHAGE Deputy Permanent Representative

Greece

Mr Andreas ANDRIANOPOULOS Minister for Industry

Spain

Mr Alvaro ESPINA MONTERO State Secretary for Industry

France

Mr Dominique STRAUSS-KAHN Minister with responsibility for Industry and Foreign Trade

Ireland

Mr Desmond O'MALLEY Minister for Industry and Commerce

Italy

Mr Guido BODRATO Minister for Industry

Luxembourg

Mr Robert GOEBBELS Minister for Economic Affairs

Netherlands

Mr J.E. ANDRIESSEN

Minister for Economic Affairs

Portugal

Mr Luis MIRA AMARAL

Minister for Industry and Energy

Mr Luis ALVES MONTEIRO

State Secretary for Industry

United Kingdom

Mr David DURIE

Deputy Permanent Representative

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Commission

Mr Martin BANGEMANN

Vice-President

Sir Leon BRITTAN

Vice-President

Mr Filippo Maria PANDOLFI

Vice-President

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THE EUROPEAN ELECTRONICS AND INFORMATION TECHNOLOGY INDUSTRY

The Council adopted the following Resolution concerning electronics, information and communication technologies:

"THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the Communication from the Commission concerning industrial policy in an open and competitive environment: guidelines for a Community approach,

Having regard to the Communication from the Commission concerning the European electronics and information technology industry: state of play, issues at stake and proposals for action,

Whereas the approach of the Community to industrial policy centres on the completion of the single market and the application of the competition rules at international level to ensure, on the basis of a balance of rights and obligations, that competitor's markets are as open as the Community market;

Whereas the Community's electronics, information and communication technologies have a paramount importance for the competitiveness of the Community's economy;

Whereas equal access to markets and fair competition on a global scale are, as a matter of urgency, a first priority in the areas of electronics, information technology and telecommunications; whereas the Community aims at the positive and timely conclusion of the current GATT negotiations;

Whereas the main responsibility for improving industrial competitiveness lies with the economic actors themselves, but public authorities have to provide them with a clear and predictable framework for their activities;

Whereas trans-European networks and computerized telecommunications links between administrations and services of general interest should respond to user needs;

Whereas the Community's support for research and development, in particular in areas which are vital for the development of technology and its application by

users, is a significant contribution to the future competitive position of this industry; whereas industrial co-operation is to be encouraged, to develop in Europe key technologies which are internationally competitive, particularly in a long-term perspective;

Whereas small and medium-sized enterprises are important as innovators and disseminators of these technologies; whereas aspects of economic and social cohesion and regional development have to be taken into account;

Whereas the use of electronics, information and communication technologies within the European economy depends crucially on the availability of people with the relevant skills,

HAS ADOPTED THIS RESOLUTION:

The Council:

1. Emphasizes that, in order to support the Community's pledge to free and fair international trade and competition:
 - the Community must be in a position to ensure rapid and effective action against unfair competition and practices;
 - the efficiency of the Community's trade policy instruments, such as anti-dumping, should be enhanced in order to promote free and fair trade;
 - the Community should continue to support the establishment of more effective multilateral rules on non-discriminatory market access for users and suppliers, including compliance measures;
 - the Community should maintain its efforts to support the establishment of competition rules, with a view to achieving the elimination of practices restraining competition and their effective application in each of the Community's main trading partners;
 - the GATT rules should be further developed and improved with regard to their effectiveness.
2. Takes the view that in the light of the results of the Uruguay Round negotiations additional bilateral initiatives of the Community, without prejudice to existing GATT obligations, may be necessary to create effective market access with equal opportunities.

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3. Understands the need for a more systematic gathering of information on marketing, market access and distribution practices throughout the main industrial areas in the world.
4. Emphasizes the importance of a favourable business environment for improving the competitiveness of electronics, information and communication technology industries; specifically taking into account the role and interests of users; giving special consideration to small and medium-sized enterprises as well as to regional development.

Means for improving the business environment include:

- full and effective implementation of all the relevant measures, in particular those concerning public procurement, aimed at creating the unified market in the Community, including the application of a system of effective competition;
 - speeding up the process of European standardization and certification to meet the requirements arising from the creation of the internal market;
 - reviewing present-day financing systems in the Community, e.g. with regard to the provision of risk capital;
 - the infrastructure for co-operation between enterprises of all sizes;
 - facilitating co-operation, without distortion of competition in the internal market, between individual enterprises, such as microelectronics, in order to be able to compete on world markets;
 - strengthening the competitive position of subcontractors so as to permit them to meet the exacting and developing needs of contractors;
 - promoting rules and mechanisms comparable to those in the internal market with a view to creating a level playing field for European industry in world markets, in particular in the areas of public procurement, standardization and certification, distribution, competition policy, strategic alliances and foreign investments.
5. Emphasizes the need for trans-European networks and computerized telecommunication links between administrations and services of general interest taking account, insofar as action by the Community is concerned

of decisions to be taken in the appropriate Community fora.

6. Is convinced of the necessity for industry in the Community to be competitive at a world level, particularly when assessing strategic alliances and capital intensive investment in the framework of the rules of competition.
7. Also is convinced that steps should be taken to strengthen the efforts of the Community's R&D activity taking into account also the interest of small and medium-sized enterprises:
 - by focusing in the relevant programmes on areas which are vital for the development of technology and its application by users;
 - priorities should be established and the financial means provided by the Community budget insofar as possible should be allocated accordingly;
 - a better synergy between R&D carried out in the Community programmes and EUREKA is to be promoted while maintaining EUREKA's present flexible structure;
 - measures should be taken for the dissemination and exploitation of R&D results to users across the Community.
8. Emphasizes the need for enhancing efforts relating to the provision of training at all levels in electronics, information and communication technologies above and beyond the current efforts being made by Member States and at Community level.

INVITES THE COMMISSION:

1. To report on:
 - relevant studies undertaken by the Community and its Member States;
 - the most recent agreement between the US and Japan concerning semiconductors, as well as its consequences for European producers and users;
 - the present-day situation of market access in third countries;
 - government practices in the field of electronics information and

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telecommunication technologies in the Community and its major trading partners.

2. To establish a centralized point of information, possibly within the Commission services, charged with monitoring marketing, marketing access and distribution practices throughout the main industrial areas in the world.
3. To monitor, in consultation with a high level group composed of representatives of Member States, and with respect to trade-related matters with the Committee referred to in Article 113 of the EEC Treaty, the progress in achieving the goals set out in this Resolution, and to report, at regular intervals and at least once a year, on the progress achieved.

INVITES THE MEMBER STATES AND THE COMMISSION:

To take, and where required propose, the measures necessary for reinforcing these basic principles and for pursuing the achievement of the goals set out in this Resolution. These measures should be initiated concurrently as a matter of urgency."

STEEL

- RULES FOR AID TO THE STEEL INDUSTRY

The Council gave its assent to a Commission communication concerning a five-year extension of the rules for aid to the steel industry, subject to a number of amendments.

The current rules which expire on 31 December 1991, allow State aid for research and development, environmental protection and closures only under certain conditions.

As regards regional aid, the new rules allow aid for Greece, Portugal and undertakings established in the new German "Länder".

The Member States must give prior notice to the Commission of any plan to provide State financing for steel undertakings.

- FUTURE FINANCIAL ACTIVITIES OF THE ECSC

In anticipation of the expiry of the ECSC Treaty in 2002 (see press release No 5812/91 of 29 April 1991), the Council requested the Commission to submit, in time for discussion at the next Industry Council meeting in March 1992, a document setting out several options for the ECSC's financial activities and analysing the effect of the various options on the level of the levy and the reserves, including reducing and abolishing the levy and using up the reserves.

COMPETITION LAW

The Council took note of a collection of reference texts on State aid policy which the Commission forwarded to it on 31 October 1991 further to its undertaking of 15 October 1990.

The Council suggested to the Commission a number of changes in the procedure to be followed in presenting the annual report, so that the Council debate could be adequately prepared.

COMPETITIVENESS OF INDUSTRIES IN THE AREA OF BIOTECHNOLOGY

The Council discussed in detail the Commission communication on promoting a competitive environment for industrial activities based on biotechnology within the Community.

That communication, which aimed to examine the development prospects for the biotechnology industry in the Community, defined a Community framework for industrial activities in that area and listed a series of measures deemed necessary to encourage the competitiveness of the industries using biotechnology.

At the close of the discussion, the Council asked the Commission to continue its work in the light of the delegations' comments and to propose appropriate measures in due course.

TEXTILE INDUSTRY

The Council held a detailed debate on the Commission communication on improving the competitiveness of the Community's textile and clothing industry.

The Council asked the Commission to continue its work in liaison with the Directors-General for Industry in the light of the delegations' comments.

NEW CHALLENGES FOR MARITIME INDUSTRIES

The Council discussed the Commission communication concerning new challenges for maritime industries (shipping, shipbuilding, the service sector, marine equipment and the "resources of the sea", including fisheries).

The communication proposed, among other things, the setting up of a discussion forum composed of representatives of the various parties concerned which could contribute towards a more precise definition of the type of action to be developed in order to improve the competitiveness of maritime industries.

MISCELLANEOUS DECISIONS

Relations with ACP States

On the basis of a Commission communication, the Council adopted draft conclusions of the ACP-EEC Council of Ministers enabling the unexpended balances of emergency aid and aid for refugees and displaced persons under Lomé III to be used for the same types of measure for ACP countries for which Lomé IV has not yet entered into force.

The Council considered it necessary to adopt this first decision without further delay in order to meet the most pressing needs of the populations of the countries concerned, particularly Somalia and Liberia, which are both currently unable to ratify the new Convention. The other suggestions contained in the Commission communication, aimed at using additional funds under the Convention for the same purposes, will be examined by the Council's subordinate bodies in the very near future.

Commercial policy

The Council adopted Regulations:

- opening and providing for the administration of a Community tariff quota of 25 000 tonnes of fresh or dried hazel nuts, shelled or not, originating in Turkey (1992);
- increasing from 425 000 to 545 000 tonnes the volume of the Community tariff quota opened for 1991 for ferro-chromium containing more than 6% by weight of carbon;

- increasing the volume of the Community tariff quotas for 1991 for certain industrial products;
- temporarily suspending the autonomous Common Customs Tariff duties for certain products intended for the construction, maintenance and repair of aircraft on conditions to be laid down by the competent authorities.

Environment

The Council adopted the Decision concerning the approval of the Convention on the International Commission for the Protection of the Elbe.

The Convention was signed on behalf of the Community on 8 October 1990.

ECSC

The Council gave its assent to Commission decisions:

- amending the exemption thresholds fixed by volume and value in Decision No 25-67 concerning the prior authorization exemption and exempting certain undertakings from this obligation;
- granting under Article 54(2) of the ECSC Treaty
 - = a loan of DKR 2 940 million (approximately ECU 372,93 million) to Store Belt A/S, Denmark, for financing the consumption of Community steel for the construction of a fixed road and rail link across the Great Belt;

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= a loan of FF 880 million (approximately ECU 115 million) to SNCF (TGV Nord) for co-financing the construction of a new line for high-speed trains between Paris and the Belgian border, and between Paris and Frethun (Channel Tunnel) ("TGV Nord").

Appointments

The Council:

- appointed two full members and one alternate member of the Advisory Committee on Safety, Hygiene and Health Protection at Work;
- replaced the Advisory Committee on Freedom of Movement for Workers.

NOTE BIO (91) 371 AUX BUREAUX NATIONAUX
CC: MEMBRES DU SERVICE PORTE-PAROLE

INDUSTRY COUNCIL - TWO ITEMS ON COMPETITION POLICY

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18.11.91 - (Peter Guilford)

1: Ministers agree revision of the steel aids code.

EC Industry Ministers have given their unanimous approval to the renewal for a further five years of the EC's code for state aids to the steel industry. It now remains for the Commission to take the formal decision to renew the code, which will run from January 1, 1992. The text does not need approval from the European Parliament.

The strict disciplines under the existing Code will be maintained under the new one: state aid will only be allowed for R&D, environmental protection, social measures and plant closures (so long as all steel production is shut down). There will, however, be derogations for three countries, which will be allowed to give their steel companies regional investment aid under certain conditions for three years. All derogations will be abolished thereafter. These are:

1: Greece may give regional aid, so long as production capacity is not increased.

2: Portuguese SMEs may receive regional aid (but not the Siderurgia Nacional company), so long as production capacity is not increased.

3: Steel firms in the new German Lander may receive regional aid, so long as production capacity is reduced (a requirement for "significant" cuts was deleted in return for the exemption period being shortened from five to three years). The payment of special tax concessions may continue for four years.

In addition, the R&D aid provisions of the Coal and Steel Treaty (which expires in ten years) will be brought into line with those in the EC Treaty. This means that if R&D aid under the steel Code is out of line with the EC's main framework on aid to R&D, the Commission will propose aligning the former with the latter.

2: Discussion on Competition Policy.

Ministers held a discussion on Competition Policy, based on the Commission's 20th annual report on the subject, which was published before the summer. This is likely to become an annual discussion, following a request from Italy last year for the Commission to keep the Member States more regularly informed on progress on competition enforcement.

Sir Leon Brittan gave an opening "tour d'horizon", describing progress over the last year and outlining how he intended to steer competition policy in the future. The control of state aids would need to be strengthened in the run-up to the completion of the single European market. He criticised state aids as a threat to social and economic cohesion, and warned of governments using aids as a means of protecting national champions in key sectors. On the international level, he spoke of his hopes of forging anti-trust agreements with third countries besides the United States.

Despite press expectations of a hot debate over competition versus industrial policy, there was little friction, with most ministers endorsing the need for a strong policy on state aids in order to promote regional cohesion and industrial strength. Italy called for more industrial policy considerations, while France said the Commission should strive for a balance between "legalistic rigidity and a promising future for European industry". Sir Leon said he saw competition as only one element of the EC's industrial policy, which included horizontal support for R&D, training etc, without picking strategic sectors or companies in advance. "I don't believe that national governments are good (at taking such commercial decisions), nor would the EC be any better", he said.

France asked for a six-month deadline within which the Commission should take its state aids decisions. Sir Leon said he would welcome a more efficient procedure, but added that his decisions often depended on governments supplying the necessary information on time. France also said the Commission was not sufficiently equitable in the way it monitored state aid to Europe's regions. Germany said that perhaps the EC's own aids were not sufficiently "competition-neutral", and that they should be scrutinised more closely, but the German minister did not elaborate.

France also welcomed the fact that the Commission "had not singled out state-owned companies" on any particular issue. The other ministers, he said, were aware of France's misgivings over specific Commission decisions. The only mention of specific cases came from Luxembourg, whose minister criticised the decision to block the De Havilland merger, and said competition policy could never be decoupled from industrial policy.

Spain gave strong support for competition as an instrument of cohesion, but said cohesion should be a key criterion applied more generally. Spain also called for close scrutiny of the way cotton, raw materials and textiles were subsidised in third countries. In general he called for a greater coordination of competition questions in international fora.

Regards,

Bruno Dethomas