

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

7977/91 (Presse 139)

1512th meeting of the Council
- Economic and Financial Affairs -
7th Ministerial meeting of the IGC on EMU
Brussels, 9 September 1991

President: Mr Wim KOK

Minister for Finance
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 Philippe MAYSTADT Minister for Finance

Denmark:

Mr Fogh RASMUSSEN Minister for Economic Affairs

Germany:

Mr Horst KÖHLER State Secretary, Federal Ministry of
Economic Affairs

Mr Johann EEKHOF State Secretary, Federal Ministry of
Economic Affairs

Greece:

Mr Eythymios CHRISTODOULOU Deputy Minister for Economic Affairs

Spain:

Mr Carlos SOLCHAGA CATALAN Minister for Economic Affairs and
Finance

Mr Pedro PEREZ State Secretary for Economic Affairs

France:

Mr Pierre BEREGOVOY Ministre d'Etat, Minister for
Economic and Financial Affairs
and the Budget

Ireland:

Mr Albert REYNOLDS Minister for Finance

Italy:

Mr Guido CARLI Minister for the Treasury

Luxembourg:

Mr Jean-Claude JUNCKER Minister for Finance

Netherlands:

Mr Wim KOK Minister for Finance

Mr Marius van AMELSVOORT State Secretary for Finance

Portugal:

Mr Miguel BELEZA Minister for Finance

Mr Carlos TAVARES State Secretary for the Treasury

United Kingdom:

Mr Norman LAMONT Chancellor of the Exchequer

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Commission:

Mr Jacques DELORS President
Mr Henning CHRISTOPHERSEN Vice-President

Also taking part in the meeting:

Mr Cees MAAS Chairman of the Monetary Committee

INTERGOVERNMENTAL CONFERENCE ON EMU

In the light of, among other things, a report from the Chairman of the Group of Personal Representatives, the IGC held a broad exchange of views dealing in particular with the substantive arrangements and the conditions for moving to the transitional stage and the final stage of EMU.

The following main questions were addressed: starting date, nature and duration of the transitional stage; possible creation at the start of the transitional stage of a European Monetary Institute and tasks to be assigned to it; advisability of determining objective convergence criteria for moving to the final stage of EMU and for the participation of the various Member States in this stage; nature of and procedures for the decision to be taken for setting the date for moving to this stage.

Ministers will continue their discussions on EMU at the informal Council meeting (ECOFIN) in Apeldoorn (20 to 22 September 1991) and at the next meeting of the IGC on 7 October. The Presidency's aim is to gather all the necessary facts so that it can formally submit political proposals of a comprehensive nature during the second part of October at the latest.

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MEDIUM-TERM FINANCIAL ASSISTANCE TO ALGERIA

In the light of the agreement in principle expressed by the European Council meeting in Luxembourg on 28 and 29 June 1991, the Council made a further examination of the Commission's proposal concerning a medium-term loan to Algeria to support that country's balance of payments, strengthen its monetary reserves, facilitate the Algerian currency's transition to convertibility and thus contribute to the ongoing process of economic and political reform.

The Council took note of the European Parliament's favourable Opinion on the Commission proposal and of the opinion of the Monetary Committee. It was also given a progress report on the current negotiations between Algeria and the IMF and Algeria's commercial bank creditors.

In the light of all the facts available, the Council agreed to Algeria being granted a medium-term loan of a maximum of ECU 400 million in principal with a maximum average duration of seven years.

The loan will be made available to Algeria in two instalments, of ECU 250 million and ECU 150 million respectively, which will be released on the basis of:

- the IMF Stand-by Arrangement and the World Bank structural adjustment loan agreed in June 1991 with Algeria;
- an agreement between Algeria and its commercial bank creditors on improving the country's future debt servicing and repayment profile through new loans and/or refinancing agreements.

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The Council instructed the Permanent Representatives Committee to finalize at an early date the texts necessary for the Decision's formal adoption.

The budget authority will have to take the necessary decisions (amending budget) to enable this measure in favour of Algeria to be implemented.

MISCELLANEOUS DECISIONS

Research and technological development (RTD)

In the context of the implementation of the third RTD framework programme 1990-1994, the Council adopted Decisions adopting specific programmes in the following fields:

- Biomedicine and health (budget ECU 131,67 million)
- Non-nuclear energy (budget ECU 155,43 million)
- Industrial and materials technologies (budget ECU 663,3 million)
- Agriculture, agro-industry and fisheries (budget ECU 329,67 million).

These programmes will run until 31 December 1994. (For further information on the aims and content of these programmes see Press Release 5810/91 (Presse 53) of 24 April 1991.)

Appointments

The Council replaced (for the remainder of the terms of office):

- an alternate member of the Advisory Committee on Medical Training;
- an alternate member of the Advisory Committee on Veterinary Training;
- an alternate member of the Advisory Committee on the Training of Midwives;
- an alternate member of the Advisory Committee on Education and Training in the field of Architecture.

Bruxelles, le 6 septembre 1991

NOTE BIO(91) 276 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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PREPARATION DU CONSEIL ECO/FIN LE 9 SEPTEMBRE 1991 (T. KRØYER)

Le Conseil ECO/FIN débutera vers la fin de la matinée après une Conférence Interinstitutionnelle avec le Parlement Européen.

Il y a deux points essentiels à l'ordre du jour du Conseil.

1. Un prêt en faveur de l'Algérie.

C'est en juin que le Conseil Européen avait pris la décision politique d'octroyer un prêt à la balance de paiement à l'Algérie. En juillet le Conseil avait demandé l'avis du Parlement qui, toujours en juillet, a donné son avis favorable. Ainsi la Commission va demander au Conseil de prendre la décision formelle d'octroyer à l'Algérie un prêt de 500 Mécus.

2. Follow-up du Sommet de G-7 à Londres

Il s'agit d'un débat d'orientation sur la situation économique en URSS.

Conférence Intergouvernementale sur l'UEM

Les ministres vont discuter la question de transition et la nouvelle proposition néerlandaise. A cet égard, le vice-président Henning Christophersen a dit que cette proposition n'est pas satisfaisante de manière qu'elle s'éloigne des conclusions de Rome-1. Le vice-président met par exemple l'accent sur le fait que la Banque Centrale, selon la proposition néerlandaise, n'est pas créée au cours de la deuxième phase. Selon la proposition de la Commission la Banque devait être créée au début de la deuxième phase.

Amicalement, 

B. DETHOMAS

Strasbourg, le 10 septembre 1991

Note Bio 276 (suite 1) aux Bureaux Nationaux
cc aux Membres du Service du Porte-Parole

Conseil ECOFIN (9.9.91)

Le Conseil Ecofin a pris la décision d'octroyer à l'Algérie un prêt de sept ans de 400 millions d'écus qui sera versé en deux tranches.

Le Vice-Président H. Christophersen avait présenté la proposition de la Commission d'un prêt de 500 millions d'écus sous condition que l'accord avec le FMI sur le programme de stabilisation économique sera respecté et que l'Algérie conclue un accord de refinancement d'une partie de sa dette avec les banques commerciales pour éviter un "bailing-out" par la Communauté. Ces deux conditions font partie de la décision du Conseil.

Le Vice-Président avait précisé également qu'il s'agissait d'une mise en oeuvre d'une décision politique déjà prise par le sommet de Luxembourg. La proposition de la Commission est présentée après une consultation étroite avec le FMI. Le Vice-Président avait donc demandé au Conseil de prendre cette décision à caractère exceptionnelle maintenant.

Après les négociations le Conseil s'est mis d'accord sur le montant de 400 millions d'écus. Il reste à formaliser cette décision et il faut que une procédure budgétaire soit conclue avant que la décision ne puisse être mise en oeuvre.

Amitiés,
B. Dethomas

Strasbourg, the 10 September 1991

Note Bio 276 (suite 2) aux Bureaux nationaux
cc aux Membres du Service du Porte-Parole

Intergovernmental conference on EMU
(T. Kroyer)

After yesterday's conference on EMU the President of the conference, dutch Finance Minister Wim Kok, told journalists that it is now generally accepted that the second stage of the EMU will start 1st of January 94 and that the European Monetary Institute (EMI) will be set up by the beginning of this stage. There are however some open questions as to the modalities of this Institute. He also said that the need to set criteria for convergence requirements to be met for the transition to stage three is accepted.

He said that he is not in favour of a two-speed union and a non-Community decision making. It is clear that there can be no veto and no imposition in taking the decision on transition to the third stage.

Mr Kok said that the dutch paper should be considered as a working document and that the Presidency will present a proposal in October.

In the IGC, Vice President H. Christophersen expressed satisfaction with the status of the dutch paper and that the Commission looks forward to the presentation of a more formal proposal in October. He said that all twelve Member States must participate in stage two and that this stage should be short and follow the lines laid down in the Rome I conclusions including the creation of the Central Bank in this stage. If, instead the European Monetary Institute is created, Mr Christophersen underlined that this Institute should have an appointed President and Vice President and that it should function in a Community like manner with relations to the Community Institutions.

The Vice President also underlined that the decision on the transition to the third stage should be a Community decision and all Member States should participate with the possibility of derogations for those countries unable to participate fully from the beginning.

Mr Christophersen also said that there must be an equilibrium between the monetary and economic policy. When we create the Central Bank as an independant monetary institution it is important at the same time to make sure that economic policy decisions can be taken efficiently in the Ecofin Council, he said.

Finally, the Vice president spoke in favour of setting a time table for stage III not only for political reasons but also for practical reasons. To create a system of one single currency is a part from a significant political and macroeconomic decision also a decision with strong legal and industrial aspects which it will take several years to implement, he said.

Amitiés,
B. Dethomas