

COUNCIL OF THE EUROPEAN COMMUNITIES
GENERAL SECRETARIAT

PRESS RELEASE

4835/91 (Presse 20)

1473rd meeting of the Council
- Economic and Financial Affairs -

3rd Ministerial Meeting of the IGC on EMU

Brussels, 25 February 1991

President: Mr Jean-Claude JUNCKER

Minister for Finance
of the Grand Duchy of Luxembourg

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 Anders FOGH RASMUSSEN Minister for Economic Affairs

Mr Jens THOMSEN State Secretary, Ministry of Finance

Germany:

Mr Horst KÖHLER State Secretary, Federal Ministry of Economic Affairs

Mr Otto SCHLECHT State Secretary, Federal Ministry of Economic Affairs

Greece:

Mr Eythymios CHRISTODOULOU Deputy Minister for Economic Affairs

Spain:

Mr Pedro PEREZ State Secretary for Economic Affairs

France:

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

Mrs Elisabeth GUIGOU Minister for European Affairs

Ireland:

Mrs Maire GEOGHEGAN-QUINN Minister of State, European Affairs

Italy:

Mr Guido CARLI Minister for the Treasury

Mr Emilio RUBBI State Secretary for the Treasury

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Luxembourg:

Mr Jean-Claude JUNCKER

Minister for Finance

Mr Robert GOEBBELS

Minister for Economic Affairs

Netherlands:

Mr W. KOK

Minister for Finance

Mr P. DANKERT

State Secretary for Foreign Affairs

Portugal:

Mr Miguel BELEZA

Minister for Finance

United Kingdom:

Mr Norman LAMONT

Chancellor of the Exchequer

Mr Francis MAUDE

Financial Secretary to the Treasury

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Commission:

Mr Jacques DELORS

President

Mr Henning CHRISTOPHERSEN

Vice-President

Sir Leon BRITTAN

Vice-President

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MEDIUM-TERM ASSISTANCE TO GREECE

The Council approved the Decision concerning a Community loan in favour of the Hellenic Republic.

By this Decision, the Community grants Greece, under Regulation (EEC) No 1969/88, a loan of ECU 2 200 million or the equivalent amount in other currencies.

The loan is being made available to Greece in three instalments. The average duration of each instalment will not exceed six years. The three instalments will be made as follows:

- the first instalment amounting to ECU 1 000 million or the equivalent amount in other currencies as soon as the borrowing operations are completed;
- the second instalment amounting to ECU 600 million or the equivalent amount in other currencies not earlier than 1 February 1992 and in any case the second instalment will not be released until the Commission, in consultation with the Council and in the light of an examination made in collaboration with the Monetary Committee of the results obtained in the execution of the programme, is satisfied that the agreed measures have been fully implemented and that the targets of the programme have been achieved or that the necessary additional measures to achieve the targets have been agreed or fully implemented;
- the third instalment amounting to ECU 600 million or the equivalent amount in other currencies not earlier than 1 February 1993 subject to the same examination, verification and consultation as in the case of the second instalment.

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The loan is being granted on the basis of the decision taken by Greece to implement the economic recovery programme which it has presented, the objectives of which are set out in the recitals to the Decision.

The Commission, in collaboration with the Monetary Committee, is to examine at regular intervals the evolution of the economic situation of Greece and the execution of the economic recovery programme. These examinations will continue until the loan is fully repaid.

INVESTMENT SERVICES

The Council heard a statement by Sir Leon BRITTAN, Vice-President, who made an urgent appeal to Council members to make every effort to reach an early decision on the Directive on investment services.

The Council also took note of the Presidency's intention of submitting a number of key questions to a high-level ad hoc Working Party so that the Council would be able to discuss them shortly.

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RELATIONS WITH CENTRAL AND EAST EUROPEAN COUNTRIES

- Extension to Czechoslovakia, Bulgaria and Romania of EIB operations

The Council has invited the EIB to grant loans from its own resources for investment projects in Czechoslovakia, Bulgaria and Romania, provided that such projects satisfy the Bank's usual criteria. The loans would be fully guaranteed by the general budget of the European Communities.

This guarantee will be limited to a maximum loan amount of ECU 700 million for the above three countries, to be committed during a two-year period.

It was also stated that the Council is proposing to hold a general debate in the near future on the external role of the EIB and in particular on the possible extension of the Bank's activities to the various third countries and regions which do not yet benefit from them and with which the Community has concluded co-operation agreements.

In the meantime the Council has agreed to ask the Bank to examine on a case-by-case basis, in accordance with Article 18 of its Statute, its possibilities for action in respect of projects of common interest in the abovementioned countries and regions that fulfil the criteria for intervention by the Bank. This position of the Council does not prejudice the conclusions to be drawn from its general debate on the external role of the EIB.

- Medium-term financial assistance to Czechoslovakia

The Council adopted the Decision providing medium-term financial assistance to Czechoslovakia.

Under that Decision, the Community will grant to Czechoslovakia a medium-term loan facility of a maximum amount of ECU 375 million in principal, with a maximum duration of seven years, with a view to ensuring a sustainable balance-of-payments situation, strengthening its reserves and facilitating the introduction of currency convertibility.

To that end the Commission is empowered to borrow the necessary resources on behalf of the Community.

This loan will be managed by the Commission in close consultation with the Monetary Committee and in a manner consistent with any agreement reached between the IMF and Czechoslovakia.

The loan will be made available to Czechoslovakia in two instalments. The first instalment will be released as soon as a "stand-by arrangement" has been concluded between Czechoslovakia and the IMF.

The funds will be paid to the National Bank of Czechoslovakia.

- Financial assistance to other countries

On the basis of information provided by Mr CHRISTOPHERSEN, Vice-President, the Council took stock of the implementation of supplementary financial assistance for Hungary, and of the progress made with preparation of possible measures to assist Bulgaria.

Regarding Hungary, it will be recalled that the Council had asked the Commission at its meeting on 28 January 1991 to pledge in the Group of 24 a 50% participation by the Community going up to a total amount of US \$250 million for the Community contribution.

As for action to assist Bulgaria, the Council agreed to return to this question at a forthcoming meeting on the basis of a Commission proposal.

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THIRD MINISTERIAL MEETING OF THE INTERGOVERNMENTAL CONFERENCE ON EMU

The third ministerial meeting of the Conference of the Representatives of the Governments of the Member States on Economic and Monetary Union was held after the Council meeting.

Following a progress report by the Chairman of the Working Party of Personal Representatives; the Ministers' discussions focused on:

- the objectives and principles of EMU
- the main thrust of economic policy and surveillance
- budgetary discipline
 - = criteria for judging whether a budget deficit is excessive
 - = sanctions
- a Community financial assistance mechanism.

MISCELLANEOUS DECISIONS

Economy/finance

The Council adopted Decisions establishing

- a European Advisory Committee on Statistical Information in the Economic and Social Spheres

- a Committee on Monetary, Financial and Balance of Payments Statistics.

The first committee will be responsible for assisting the Council and the Commission to co-ordinate the Community's statistical information policy aims, taking into account the needs of users and the costs borne by information producers.

The second committee will assist the Commission in drawing up and implementing the multiannual work programme on monetary, financial and balance of payments statistics. One of its main tasks will be to express opinions on the development and co-ordination of the monetary, financial and balance of payments statistics required within the framework of the policies applied by the Council, the Commission and the various committees which assist them.

EEC/EFTA

The Council adopted Decisions concerning the conclusion of

- five co-operation agreements between the EEC and Austria, Finland, Norway, Sweden and Switzerland on a European Stimulation Plan for Economic Science (SPES)

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- three co-operation agreements between the EEC and Finland, Sweden and Switzerland on an R&D programme in the field of applied metrology and chemical analysis (BCR)

Relations with the ACP States and the OCT

The Council and the Commission adopted the Decision concluding the Fourth ACP-EEC Convention on behalf of the Community.

External relations

The Representatives of the Governments of the Member States, meeting within the Council, adopted the Decision repealing Decision 86/517/EEC concerning the suspension of new direct investment in the Republic of South Africa.

This Decision follows on from the decision of principle taken by the European Council to lift the ban on new investment in South Africa as a contribution towards combating unemployment and improving the economic and social situation in that country.

Relations with the Mediterranean countries

The Council

- supplemented the negotiating directives for the fourth Financial Protocols with the Mediterranean countries (Mashreq, Maghreb and Israel) adopted on 18 December 1990 by deciding on the breakdown of amounts for the various recipient countries;

- adopted the Decision concerning the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Republic of Tunisia laying down the rules applicable from 1 January 1991 to imports into the Community of untreated olive oil originating in Tunisia.

Relations with Yugoslavia

The Council agreed to the negotiating directives on imports of sweet clear-fleshed cherries preserved in spirit and intended for the manufacture of chocolate products.

Steel

The Representatives of the Governments of the Member States, meeting within the Council authorized the Commission to open negotiations with Bulgaria and Czechoslovakia for ECSC products.

Trade policy/Customs union

The Council adopted

- the Decision authorizing extension or tacit renewal of certain trade agreements concluded between Member States and third countries;
- an amendment to Regulation No 802/68 on the common definition of the concept of the origin of goods, extending its application to certain petroleum products excluded hitherto. In view of the impending completion of the large market, it

was necessary to implement rules defining the origin of petroleum products in order to prevent discrepancies arising in the Member States;

- the Regulation amending Regulation (EEC) No 3725/90 opening and providing for the administration of Community tariff quotas bound in GATT for certain agricultural and industrial products.

Aid to the coal industry

The Council took note of the Commission report on the application of Community rules for State aid to the coal industry in 1988.

Environment

The Council decided that the Community would sign the Convention on environmental impact assessment in a transboundary context, subject to agreement on the final version of the text.

The content of the Convention broadly corresponds to Community Directive 85/337 on impact studies.

Appointments

The Council replaced (for the remainder of their term of office)

- three members and four alternate members of the Advisory Committee on Safety, Hygiene and Health Protection at Work

- five members of the European Centre for the Development of Vocational Training

- two full members and three alternate members of the Advisory Committee on Veterinary Training

- one alternate member of the Advisory Committee on the Training of Dental Practitioners

- one alternate member of the Advisory Committee on the Training of Pharmacists.

Brussels, 25 February 1991

NOTE BIO(91) 67 AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

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COUNCIL ECO/FIN 25 FEBRUARY 1991 (T. KRØYER)

COMMUNITY LOAN TO GREECE.

The Council adopted the Commission's proposal for a medium loan to Greece of 2.2 billion Ecu. The loan will be disbursed in three tranches. The first tranche of 1 billion will be disbursed as soon as possible. The loan is subject to a number of conditions to be met by the Greek government. The second and third tranches will only be disbursed if the conditions are met.

Vice-President Henning Christophersen told the Council that the Commission very intensively will follow the implementation of the Greek medium-term economic programme.

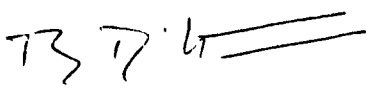
Today's ECO/FIN Council also adopted the Commission's proposal to extend the Community Budget Guarantee for European Investment Bank loans in Czecho-Slovakia, Bulgaria and Rumania. The guarantee cover loans up to 700 MECU for a period of two years.

The Council further adopted the proposal to grant financial assistance to Czecho-Slovakia. The assistance takes the form of a Community Guarantee for 500 mio dollars out of a contribution from G-24 of 1 billion dollar. Vice-President Henning Christophersen already in January told the Council that the Commission had received pledges from G-24 countries and others so that the total of 1 billion can be reached.

As to Hungary the Council reaffirmed its January 28 decision to grant guarantees for a supplementary loan to Hungary of up to 250 mio dollars on the expectation that the G-24 countries and others make up for further 250 mio of a total loan of 500 mio dollars. Vice-President Christophersen said that the Commission already has received pledges from a number of countries for this loan.

The Council invited the Commission to present a formal proposal on a Community contribution to G-24 assistance to Bulgaria to be debated in March.

Regards,



B. DETHOMAS

Brussels, 25 February 1991

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CC: AUX MEMBRES DU SERVICE PORTE-PAROLE

ECO/FIN Council - 23 February 1991

Investment Services Directive (M.F. Berendt)

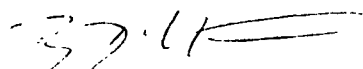
No debate on this dossier around the Council table, but a statement by Sir Leon Brittan in which he said that it was incoherent for the Second Banking Directive to come into effect in the beginning of 1993 without the corresponding decision on investment services. The banks will have the right to offer investment services from January 1 1993 throughout the Community. Sir Leon said that agreement was proving "curiously elusive", curiously because all Member States wanted a directive adopted and there seemed little real difference between national positions. He urged a strong political push so genuine progress could be made at a forthcoming Council.

The Council President supported this view and said that he would be setting up a group of senior officials nominated by Ministers to deal with the most sensitive problems in the dossier:

- organised markets
- transparency and reporting
- access for banks to stock exchanges.

The group would work on these problem areas with a view to substantive negotiation at the April 8 Council.

Regards,



Bruno Dethomas

Bruxelles, le 26 février 1991.

**NOTE BIO (91) 67 (suite 2 et fin) AUX BUREAUX NATIONAUX
cc. aux Membres du Service du Porte-Parole**

CONSEIL ECOFIN (Bruxelles, 25/02/91)

Rendant compte à la fois du Conseil Ecofin et de la Conférence Intergouvernementale sur l'Union économique et monétaire, M. Jean-Claude Juncker, ministre luxembourgeois des finances, et M. Henning Christophersen, vice-président de la Commission, ont fait le point des principales décisions prises par les Douze.

Lors du Conseil Ecofin, un accord est intervenu pour étendre les activités de la BEI à la Tchécoslovaquie, la Bulgarie et la Roumanie. D'autre part, toujours en faveur des pays de l'Europe du Centre et de l'Est, une assistance financière à moyen terme à la Tchécoslovaquie a été assurée par un prêt pour sept ans d'un maximum de 375 millions d'Ecus. De plus, les Douze ont confirmé la décision prise le 28 janvier d'une aide à la Hongrie de 1,250 milliard de dollars. Pour la Bulgarie, le principe d'une garantie de 400 millions de dollars est acquis mais la décision ne sera finalisée qu'une fois réalisé un accord de Sofia avec le FMI.

Le Conseil Ecofin a d'autre part discuté la directive sur les services d'investissement qui devrait être adoptée, espère M. Juncker, sous présidence luxembourgeoise (cf BIO 67-1). Il a aussi décidé d'une assistance à moyen terme à la Grèce par un prêt de 2,2 milliards d'Ecus en trois tranches sur 6 ans. La première tranche sera d'un montant d'un milliard d'Ecus ; la seconde, de 600 Mécus, sera octroyée après une nouvelle décision du Conseil au plus tôt en février 1992 et la troisième après février 1993. Une série de conditions sont mises à ce prêt - qui ont fait l'objet ces derniers mois de discussions avec le gouvernement grec et sont le fondement de la politique économique mise en oeuvre à Athènes. Après avoir souligné la difficulté de cette décision - du fait du montant en question et de ce que l'on est maintenant dans la première phase de l'UEM - M. Christophersen a estimé le résultat satisfaisant car il donnera beaucoup de crédibilité à la réforme entreprise et permettra à la Grèce de bénéficier d'un appui fort sur le marché financier international. Il a ajouté cependant que la Commission suivrait attentivement la mise en oeuvre de la réforme par une présence permanente à Athènes. M. Juncker a enfin annoncé que le protocole financier turc serait examiné par le Conseil Affaires générales du 4 mars.

La Conférence Intergouvernementale sur l'UEM, qui s'est déroulée au niveau ministériel dans l'après-midi, a traité de quatre problèmes particuliers :

- les principes et objectifs de l'UEM,
- les grandes orientations de la politique économique et la surveillance multilatérale,
- les déficits budgétaires excessifs et les sanctions éventuelles,
- le mécanisme d'assistance financière.

M. Juncker a estimé que si les Britanniques ont réitéré leur opposition à l'objectif final de l'UEM (politique monétaire unique gérée par un système européen de banque central), il y a une large identité de vue sur les objectifs de l'UEM : une croissance soutenue et non-inflationniste, la convergence des économies, un niveau d'emplois élevé, la cohésion économique et sociale et la solidarité entre Etats membres, soulignant d'autres principes comme la stabilité des prix et une balance des paiements saine.

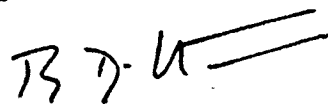
Sur la politique économique, il y a rapprochement sur la nécessité de fixer les grandes orientations de politique économique. Il s'agit d'être plus précis qu'actuellement dans la policy mixte, M. Juncker reconnaissant qu'il y avait divergence de vue sur l'intensité de cette coordination. Pour la Commission, a expliqué le président du Conseil, la politique économique ne saurait se réduire aux seuls aspects budgétaires et monétaires, M. Christophersen rappelant pour sa part qu'onze pays sur douze avaient accepté que la politique monétaire unique - dans la phase 3 - soit contrebalancée par une forte coordination des politiques économiques - en fait une politique macroéconomique commune -, le parallélisme étant prévu entre économique et monétaire dans le mandat de Rome I.

De l'échange de vue sur les déficits excessifs, M. Juncker conclut qu'il y a un accord assez large sur la nécessité d'éviter de tels déficits, sur les sanctions mais pas sur leur contenu.

Le président Delors intervenant au cours de la Conférence a notamment expliqué les raisons technique et politique qui avaient amené la Commission à proposer un mécanisme d'assistance financière :

- sur le plan technique, parce que la Commission a estimé nécessaire une clause permettant de réagir en cas d'instabilité venue de l'extérieur, dans le même esprit que dans la directive sur la libération des mouvements de capitaux
- sur le plan politique, car un tel mécanisme facilitera la recherche de consensus avec les pays qui font de la cohésion économique et sociale une condition de leur approbation globale du projet d'UEM.

Le président de la Commission a aussi estimé que, sur les déficits et les contraintes budgétaires, les positions étaient moins éloignées qu'à Rome. En revanche, il a dit son étonnement que l'on puisse craindre que le principe de subsidiarité soit violé quand le budget communautaire ne dépassera pas 5% des dépenses publiques des Douze, ajoutant que les opinions publiques ne comprendraient pas l'absence de parallélisme entre l'économique et le monétaire. Il a d'ailleurs souligné que l'analyse du succès économique de certains Etats membres ne saurait s'arrêter à la fixation de la masse monétaire. Une politique de la recherche ambitieuse, des relations industrielles harmonieuses, voire les relations privilégiées entre entreprises et banques pour empêcher des OPA extérieures, expliquent aussi un succès, a souligné M. Delors affirmant donc que le contenu de l'Union économique dépassait clairement les seules règles budgétaires.



Amitiés,
Bruno Dethomas

Bruxelles, le 15 février 1991

NOTE BIO(91) 56 (suite 1 et fin) AUX BUREAUX NATIONAUX
CC. AUX MEMBRES DU SERVICE DU PORTE-PAROLE

Rendez-vous de midi

Le point de Presse de midi a été largement consacré aux relations entre l'Europe et les Etats-Unis

- sur le différend Airbus, j'ai attiré l'attention sur l'IP(91)133 qui manifeste la préoccupation et le profond regret de la Commission devant la décision américaine et sur la note de background (Memo N°10/91) qui fait le point sur ce différend depuis qu'il est né lors du lancement de l'A330 en 1987;

- sur les informations de presse (Financial Times) concernant les relations entre le Vice-Président Andriessen et Mme Carla Hills, j'ai précisé que la Communauté était attachée à une solution positive de l'Uruguay Round sur tous les dossiers en question, que les discussions avec les Etats-Unis se poursuivaient et que les négociations allaient sans doute reprendre, sous l'égide de M. Dunkel, à Genève, mercredi prochain.

J'ai d'autre part confirmé que M. Andriessen, membre de la Troïka, se rendrait à Moscou pendant le week-end avec MM. Poos, De Michelis et Van Den Broek pour y rencontrer le ministre des affaires étrangères soviétique. J'ai ajouté que la Troïka rendrait compte de ces entretiens lors du Conseil Coopération Politique de Luxembourg, le 19 février.

Matériel diffusé

- Calendrier
- IP 133 - Dispute Airbus avec les Etats-Unis
- IP 134 - Bourses de la Commission aux échanges d'enseignants
- IP 135 - Résumé du discours de M. Mac Sharry sur la PAC à Belfast + Texte Intégral
- Mémo 9 - Relations CE-Nicaragua et Amérique Latine
- Mémo 10 - Airbus Background
- Eurostat - Extrait de conjoncture Industrielle 1/91

Amitiés.
Bruno Dethomas

