COUNCIL DECISION

of 15 March 1976

fixing the economic policy conditions to be observed by the Italian Republic

(76/324/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 397/75 of 17 February 1975 relating to Community loans [1], and in particular Article 3 thereof,

Having regard to the proposal submitted by the Commission which has for this purpose consulted the Monetary Committee,

Whereas by Decision 76/322/EEC [2], the Council authorized the Commission to conclude four borrowing operations under Regulation (EEC) No 397/75, the amount of which is intended for loans granted under that Decision to two Member States one of which is the Italian Republic;

Whereas in accordance with Article 3 of Regulation (EEC) No 397/75 the loan to the Italian Republic must be subject to economic policy conditions permitting an improvement in the balance of payments of that Member State;

Whereas since monetary and budgetary policy cannot alone ensure the return to internal and external equilibrium, these should be accompanied by a moderation in the rate of increase of incomes;

Whereas the Italian authorities have declared that they will not, unilaterally, take any measure of a commercial or financial nature to restrict import or subsidize exports,

HAS ADOPTED THIS DECISION:

Article 1

The loan granted to the Italian Republic by Decision 76/322/EEC shall be subject to the following conditions concerning the economic policy measures to be taken by that Member State.

Article 2

1. The following conditions shall be observed during 1976:

(a) total central government expenditure must be limited to Lit 39 700 000 million in the 1976 calendar year;

(b) the deficit on treasury transactions, as defined in Article 6 (3) of Directive 74/637/EEC [3], must not exceed Lit 13 800 000 million, through an increase in taxation, if necessary;

(c) the financing of the deficit on treasury transactions by the monetary authorities must be limited, if necessary by legislative means, to Lit 5 700 000 million in the 1976 calendar year;

(d) the growth in total lending, as defined in Article 6 (1) of Directive 74/637/EEC, must not exceed Lit 29 500 000 million in the 1976 calendar year.

2. The Council, acting on a proposal from the Commission, shall in good time fix the conditions to be observed for the subsequent years of the loan period.

Article 3

The Italian Government shall make all possible efforts to keep the rise in incomes within limits compatible with the internal and external equilibrium of the economy.

Article 4

The conditions fixed in Article 2 shall amend, to the extent that they differ from, the conditions provided for in Directive 75/784/EEC [4].

Article 5

Before the end of April 1976 intermediate objectives shall be established by agreement between the Italian authorities and the Commission in relation to the measures laid down in Article 2, except for that set out in Article 2 (1) (b).

Article 6

This Decision is addressed to the Italian Republic.

Done at Brussels, 15 March 1976.

For the Council

The President

R. VOUEL

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[1] OJ No L 46, 20. 2. 1975, p. 1.
[2] See page 12 of this Official Journal.
[3] OJ No L 341, 20. 12. 1974, p. 51.
[4] OJ No L 330, 24. 12. 1975, p. 48.