COUNCIL DECISION

of 17 May 1977

concerning a Community loan in favour of the Italian Republic

(77/361/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 concerning Community loans [1], and in particular the second paragraph of Article 2, and Article 3 thereof,

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

Whereas the Italian Republic has requested a Community loan under Council Regulation (EEC) No 397/75;

Whereas the conditions laid down by the abovementioned Regulation for a Member State to be eligible to receive a Community loan are fulfilled;

Whereas the negotiations opened with the authorization of the Council have resulted in an agreement for a fixed-interest loan amounting to US $ 500 million and having an average life of over five years; whereas the Commission should be authorized to conclude this loan on behalf of the Community;

Whereas the conditions of the loan from the Community to the Italian Republic must correspond to those of the loan concluded by the Community so that the Community would not have to bear loss, expenditure or other cost arising out of the financial operations consequent upon it;

Whereas Decision 77/359/EEC [2] fixed the economic policy conditions to be observed by the Italian Republic within the framework of the Community loans granted to this Member State and to Ireland in accordance with Decision 76/322/EEC [3]; whereas these conditions must also apply to the present loan,

HAS ADOPTED THIS DECISION:

Article 1

The Commission shall be authorized to conclude, on behalf of the Community, the following loan contract and to subscribe and execute all appropriate documents in that connection.

Form of loan:

a public issue of bonds denominated in US dollars underwritten by a syndicate of banks.

Total amount and life:

US $ 500 million in two tranches, one of $ 200 million for five years, and the other of $ 300 million for seven years.

Redemption:

in two parts, one after five years, and the other after seven years.

Payment of interest:

annually.

Joint lead managers:

Deutsche Bank AG;
Crédit Suisse White Weld Ltd;
Banque de Paris et des Pays-Bas.

The rate of interest and issue price will be fixed by agreement between the Commission, or such agents as it may designate, and the lenders at the best market rates on the date of issue.

Article 2

The Community shall grant to the Italian Republic a loan corresponding to that raised under the terms of Article 1 and in the same currency and on the same terms as the said transaction.

The amount of the loan shall be paid to the Banca d'Italia.

The Commission shall be authorized to conclude the loan agreement on behalf of the Community.

[1] OJ No L 46, 20. 2. 1975, p. 1.
[2] See page 34 of this Official Journal.
[3] OJ No L 77, 24. 3. 1977, p. 12.

Article 3

The Italian Republic shall bear all losses of interest, commission and other outlays which the Community may incur as a result of the financial operations involved in the conduct and administration of the Community loan and the whole of the losses, commission and other outlays arising from the operation and management of the loan to Italy.

Article 4

The loan to the Italian Republic shall be subject to the economic policy conditions laid down in Decision 77/359/EEC.

Article 5

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

Article 6

The financial operations concerning both the loan concluded by the Community and the loan granted to the Italian Republic shall be carried out by the European Monetary Cooperation Fund.

Article 7

This Decision is addressed to the Member States.

Done at Brussels, 17 May 1977.

For the Council

The President

J. SILKIN