COUNCIL DECISION

of 14 June 1977

concerning the changing of a tranche of a Community loan from variable to fixed rates of interest

(77/414/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 for this purpose consulted the Monetary Committee,

Whereas by Council Decision 76/322/EEC of 15 March 1976 concerning a Community loan in favour of the Italian Republic and of Ireland [2], the Commission was authorized to conclude, on behalf of the Community, a series of borrowing operations which form a package including, in particular, a variable interest rate loan of US$ 300 million for five years from a syndicate of banks, as provided for by Article 1 (4); whereas this borrowing was made;

Whereas it is in the interests of both the Community and of the Member States benefiting from the said Decision to change the Community loans from variable to fixed rates of interest;

Whereas the Council has therefore authorized the Commission to initiate negotiations to this end;

Whereas these negotiations made possible two funding operations, each for an amount of US$ 100 million, which were the subject of Decisions 76/771/EEC [3] and 77/232/EEC [4]; whereas these negotiations have led to the possibility of carrying out a fixed interest borrowing operation for US$ 100 million, corresponding to the last tranche of the variable interest rate loan repayable on 12 July 1977 on the Community's initiative;

Whereas the financial terms of the loan to Ireland and to the Italian Republic must therefore be altered,

HAS ADOPTED THIS DECISION:

Article 1

The Commission shall be authorized to exercise the right to prepay one tranche of US$ 100 million of the variable interest rate bank loan referred to in Article 1 (4) of Decision 76/322/EEC, and to take all necessary measures to that end.

Article 2

The Commission shall be authorized to take all actions and execute all documents necessary, proper or desirable to conclude, on behalf of the Community, a public issue in the United States of notes denominated in US dollars underwritten by various investment banking firms, as indicated below, on the following major terms:

Form of loan:	bearer coupon notes in the denomination of US$ 1 000; registered notes in the denomination of US$ 1 000 and any multiple thereof
Total amount:	US$ 100 million
Redemption:	at par after five years
Payment of interest:	semi-annually, on 1 January and 1 July

Managing underwriters:

managing underwriters:	Morgan Stanley & Co. Incorporated;
co-managers:	The First Boston Corporation, Kuhn, Loeb & Co., Lehman Brothers Incorporated, Salomon Brothers

The rate of interest and public issue price shall be fixed by agreement between the Commission, or such agents as it may designate, and the underwriters.

(1) OJ No L 46, 20. 2. 1975, p. 1.
(2) OJ No L 77, 24. 3. 1976, p. 12.
(3) OJ No L 265, 29. 9. 1976, p. 27.
(4) OJ No L 72, 19. 3. 1977, p. 25.

Article 3

The Commission shall be authorized to conclude the necessary agreements on behalf of the Community with Ireland and the Italian Republic :

— for repayment by these Member States of their portion of the proceeds of the variable interest rate bank loan to be repaid by the Community, and

— to lend Ireland and the Italian Republic respectively three-thirteenths and ten-thirteenths of the proceeds of the borrowing operation carried out in accordance with Article 2, and in the same currencies and on the same terms as the said operation.

Article 4

The economic policy conditions to be observed by the Italian Republic are as laid down in Decision 77/359/EEC (1) amending Decision 76/324/EEC (2).

Council Decision 76/323/EEC of 15 March 1976 laying down the economic policy conditions to be observed by Ireland (3), shall remain in force.

Article 5

The financial operations referred to in this Decision shall be carried out by the European Monetary Cooperation Fund.

Article 6

This Decision is addressed to the Member States.

Done at Luxembourg, 14 June 1977.

For the Council

The President

T. BENN

(1) OJ No L 132, 27. 5. 1977, p. 34.
(2) OJ No L 77, 24. 3. 1976, p. 16.
(3) OJ No L 77, 24. 3. 1976, p. 15.