COMMISSION DECISION

of 22 December 1977

authorizing Ireland to take certain protective measures under Article 108 (3) of the EEC Treaty

(Only the English text is authentic)

(78/153/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 108 (3) thereof,

Having regard to Ireland's economic situation and more especially the balance of payments disequilibrium,

Whereas, taking account of the economic growth targets fixed by the Irish authorities aimed especially at reducing unemployment, this disequilibrium threatens to get worse ;

Whereas this situation will require increased inflows of capital ;

Whereas because of its membership of the scheduled territories and the strong ties which, consequently, exist between it and the United Kingdom, Ireland cannot adopt a different system of exchange controls from that existing in the United Kingdom especially with respect to transactions by its residents in foreign securities, unless it erects new controls which would both be expensive and take a long time to put into effect ;

Whereas in these circumstances, Ireland has informed the Commission that it was not able to fulfil its obligations under Article 122 (1) (c) of the Act of Accession, and has invoked Article 108 (3) of the Treaty ;

Whereas after examining the economic situation of Ireland under Article 108 (1) the Commission, on 14 December 1977, made a recommendation to it under Article 108 (1) ;

Whereas, however, the measures recommended to Ireland under Article 108 (1) of the Treaty are not by themselves sufficient to re-establish equilibrium on external account at short notice ;

Whereas no mutual aid was given under Article 108 (2) of the Treaty ;

Whereas re-establishing the external financial situation of Ireland requires the temporary continuance beyond 31 December 1977 of restrictions on transactions in securities ;

Whereas the economic situation of Ireland and the results of its economic policy should be regularly reviewed,

HAS ADOPTED THIS DECISION :

Article 1

Ireland is authorized on a temporary basis to maintain the restrictions on the acquisition by residents of foreign securities dealt in on a stock exchange and on the use of the proceeds of liquidation thereof, provided that :

— the entire proceeds of liquidation of foreign securities can be sold on the investment currency market ;

— the repayment of funds borrowed in investment currency to buy securities issued by the Communities or by the European Investment Bank and quoted on a stock exchange, can be made :

from the proceeds of liquidation, or by purchasing funds on the investment currency market, or, where the repayment is made over a period of five years, by purchasing funds at the official exchange rate.

Article 2

1. The Commission shall keep under close review the development of the economic situation in Ireland. It shall investigate the situation and the effects of the measures authorized herein not later than 31 December 1978.

2. The Commission reserves the right to amend or revoke this Decision if it finds that the conditions on which it was based have changed or that the effects of the Decision are more restrictive than is necessary to achieve its purpose.

Article 3

This Decision is addressed to Ireland.

Done at Brussels, 22 December 1977.

For the Commission

François-Xavier ORTOLI

Vice-President