II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 19 December 1977

amending Decision 71/143/EEC setting up machinery for medium-term financial assistance

(78/49/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 103 and 108 thereof,

Having regard to the report from the Monetary Committee of 15 November 1977,

Having regard to the proposal from the Commission,

Whereas the detailed rules for granting medium-term financial assistance should be altered so as to improve financial solidarity between the Member States ;

Whereas for this purpose the Member States' commitment ceilings should be doubled and, at the same time, the rules governing the conditions to be attached to the assistance and to the supervision of the agreed conditions should be altered ; whereas, moreover, the commitment ceilings and the operations granting assistance should henceforth be expressed in European units of account,

HAS ADOPTED THIS DECISION :

Article 1

Council Decision 71/143/EEC of 22 March 1971 setting up machinery for medium-term financial assistance [1], as last amended by Decision 75/785/EEC [2], is hereby amended as follows :

1. Article 3 shall read :

'Article 3

1. When mutual assistance is granted the Council shall, acting in accordance with the procedure laid down in Article 1 (1), determine what undertakings aimed at restoring internal and external economic equilibrium the recipient Member State must enter into, taking account of the quantitative guidelines on medium-term economic policy, and shall fix the amount and terms of credit, in particular its duration and the rate of interest which it shall bear.

Normally no Member State may draw more than 50 % of the total credit ceilings.

2. To ensure compliance with the conditions of economic policy, resources made available should, so far as possible, be paid in successive instalments, the release of each instalment being conditional on a review of the results obtained when compared with the targets set in the Decision granting the assistance. The Council shall, acting in accordance with the procedure laid down in Article 1 (1), decide on the release of instalments.

3. On the initiative of the Commission or any Member State, the Council shall, acting in accordance with the procedure laid down in Article 1 (1), decide that a Member State which is a debtor in respect of medium-term financial assistance shall repay in advance the debt owed either in full or in

(1) OJ No L 73, 27. 3. 1971, p. 15.
(2) OJ No L 330, 24. 12. 1975, p. 50.

part in so far as the conditions which brought about recourse to the system no longer obtain.

4. Credits under this system shall be granted for a period of between two to five years. The financing of each operation shall be carried out by the participating creditor countries in proportion to their obligations still outstanding.

5. The claims and obligations arising from the implementation of mutual assistance shall be expressed in European units of account as defined in Article 10 of the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities [1]. The equivalents in national currency shall be fixed on the basis of the daily conversion rates at the due date of each operation relating to medium-term financial assistance.'

2. Article 4 shall read :

'Article 4

1. When financial assistance is granted in accordance with Article 3, any Member State which maintains that difficulties exist or can be foreseen as regards its balance of payments and/or that there is persistent deterioration of its reserves shall not be exempt from contributing either in whole or in part to the financing of that operation unless the Council, acting in accordance with the procedure laid down in Article 1 (1), shall take a decision that the exemptions in question are justified. It shall at the same time lay down the conditions for financing the resulting shortfall in contributions.

The position of that State shall remain subject to examination within the Monetary Committee. Such examination shall cover not only the situation with regard to its balance of payments and reserves but also the general economic situation. If the Commission or a Member State considers that the trends in respect of the position of that State allow it to participate in the financing operation the matter shall be brought before the Council. In accordance with the procedure laid down in Article 1 (1), the Council shall, where appropriate, request the Member State to participate in the operation and shall fix the conditions for its participation.

2. If one or more Member States which are creditors under the medium-term financial assistance system experience difficulties or are seriously threatened with difficulties as regards their balance of payments and request the mobilization of their claims, the Council shall, acting in accordance with the procedure laid down in Article 1 (1), decide to mobilize the claims of that or those States.

Mobilization shall, in particular, be effected in accordance with one of the following procedures, or a combination thereof :

- by a transfer of the claim, within the system, where the resources available so permit,
- by refinancing from outside the system, either by concerted action by Member States with other international organizations, or by an agreement made with such organizations in accordance with the procedure laid down in Article 1 (1),
- by early repayment in full or in part by the debtor Member State or States.

The position of a Member State that obtains mobilization of its claims shall remain subject to exmination within the Monetary Committee. Such examination shall cover not only the situation with regard to its balance of payments and reserves but also the general economic situation.

If the Commission or a Member State considers that the trends in respect of the position of that State allow it to participate again in the financing operation the matter shall be brought before the Council. In accordance with the procedure laid down in Article 1 (1) the Council shall, where appropriate, request the Member State to participate in the operation and shall fix the conditions for its participation.'

3. Article 5 shall read :

'Article 5

1. Any creditor Member State may arrange with one or more other Member States for the partial or total transfer of its claims. The Member States concerned shall notify the Commission and the other Member States of the transfer.

2. Where refinancing takes place from outside the system, the debtor State shall agree that its debt, originally denominated in European units of account shall be replaced by a debt denominated in the currency used for the refinancing. If, in such a case, the rate of interest is altered, the debtor country shall bear any additional cost which may result. In exceptional cases the Council shall, by an *ad hoc* decision taken in accordance with the procedure laid down in Article 1 (1), decide as to the sharing of the additional cost.'

4. Article 6 shall read :

'Article 6

This Decision shall apply with effect from 1 January 1978.'

5. The Annex to the Decision shall read :

'ANNEX

The ceilings for credits provided for in Article 1 (1) of this Decision shall be as follows :

[1] OJ No L 356, 31. 12. 1977.

	million European units of account	*% of total*
Germany	1 200	22·02
Belgium/Luxembourg	400	7·34
Denmark	180	3·30
France	1 200	22·02
Ireland	70	1·28
Italy	800	14·68
Netherlands	400	7·34
United Kingdom	1 200	22·02
	5 450	100·00.'

Article 2

This Decision is addressed to the Member States.

Done at Brussels, 19 December 1977.

For the Council

The President

G. GEENS