COMMISSION DECISION

of 19 December 1984

authorizing the French Republic to continue to apply certain protective measures pursuant to Article 108 (3) of the Treaty

(Only the French text is authentic)

(85/14/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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

Whereas by Decision 68/301/EEC (1), as amended by Decision 68/406/EEC (2), the Commission authorized the French Republic to take certain measures pursuant to Article 108 (3) of the Treaty ; whereas the increase in the prices of petroleum products in 1979/80, the pressures on the French franc and the lack of cyclical synchronization with the partner countries since 1981 have gradually led to a pronounced deterioration of the deficit on the basic balance ;

Whereas the French authorities have introduced an economic policy programme with a view to restoring a sustainable balance-of-payments situation, reducing the rate of inflation and ensuring better convergence of economic performance within the Community ; whereas on 16 May 1983 the Council decided, in view of that programme, to grant the French Republic a loan of 4 000 million ECU pursuant to Council Regulation (EEC) No 682/81 (3) in order to facilitate the adjustment of the French economy ;

Whereas the balance on current transactions and the balance on long-term capital, excluding authorized borrowing by residents from abroad, are still in deficit ; whereas it is important to stabilize and later reduce the cost of external indebtedness, which has increased considerably, notably as a result of the appreciation of the dollar and the rise, in real terms, in international interest rates ;

Whereas immediate and complete abrogation of the protective measures France was authorized to take would expose the French economy to destabilizing capital movements and the risk of seriously compromising the current process of restoring external equilibrium ; whereas it is therefore appropriate to maintain certain exchange controls on the capital movements liberalized on principle ;

Whereas the French authorities have relaxed the protective measures originally taken by way of derogation from Community obligations in the area of freedom of capital movements ; whereas they are determined to continue the process of relaxation to match the degree of success in restoring a healthy balance of payments,

HAS ADOPTED THIS DECISION :

Article 1

1. The French Republic is authorized, temporarily and within the limits of the measures listed in the Annex hereto, to prohibit or subject to prior exchange authorization, the conclusion or performance of transactions and transfers relating to the capital movements liberalized at the date of this Decision pursuant to Articles 1 and 2 of the Council Directive of 11 May 1960 (First Directive for the implementation of Article 67 of the Treaty), as amended by the Directive of 18 December 1962.

2. Unless otherwise provided for by the Commission under the conditions laid down in Article 2 (3), this Decision shall remain in force for two years from the date of its adoption.

Article 2

1. The Commission shall keep the economic situation in France under close review.

2. It reserves the right to amend or repeal this Decision, after consulting the Member State concerned, if it finds that the circumstances underlying its adoption change significantly or that its effects are more restrictive than necessary for the attainment of its aim.

(1) OJ No L 178, 25. 7. 1968, p. 15.
(2) OJ No L 215, 7. 12. 1968, p. 10.
(3) OJ No L 73, 19. 3. 1981, p. 1.

3. If the Member State to which this Decision is addressed claims, before the expiration of the period of validity, that its balance of payments is still in difficulties or seriously threatened with difficulties, the Commission shall review the overall economic situation with a view to determining whether the protective measures still applied should be renewed in whole or in part.

Article 3

Decision 68/301/EEC of 23 July 1968 is hereby repealed.

Article 4

This Decision is addressed to the French Republic.

Done at Brussels, 19 December 1984.

For the Commission

The President

Gaston THORN

ANNEX

Type of operation	Restrictions authorized by way of derogation from Community provisions
Direct investments	Direct investments in other Member States by residents are subject to declaration and exchange authorization. Authorization is not necessarily granted where the investments concerned are not financed as to at least 50 % by foreign currency borrowing with a maturity of at least two years. Small and medium-sized enterprises are not required to fulfil the financing condition. Operations involving less than FF 2 million in any calendar year, or for each non-resident undertaking in receipt of the amount invested, are not subject to the requirement for declaration and authorization.
Investments in real estate	The construction or purchase of real estate property abroad by residents as secondary residence is subject to authorization. Authorization is granted on grounds of health or other humanitarian grounds.
Personal capital movements	Donations to non-residents and transfers abroad of the assets of French emigrants are subject to authorization. Small transfers up to FF 1 500 a month for each drawer shall be authorized without justification.
Operations in securities	Acquisition by residents of foreign securities denominated in foreign currency is authorized on condition payment is effected by means of the foreign currency proceeds of the sale by residents of securities denominated in foreign currency (investment currency arrangements). Acquisition by residents of securities denominated in ECU issued in France by European Community institutions or the European Investment Bank is not subject to this condition.