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(Acts whose publication is obligatory)

REGULATION (EEC) No 397/75 OF THE COUNCIL
of 17 February 1975
concerning Community loans

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof ;

Having regard to the proposal from the Commission ;

Having regard to the Opinion of the European Parliament ;

Whereas the considerable changes in the terms of international trade have produced a deterioration in the balance of payments of the Member States of the Community ;

Whereas the effects of this deterioration will vary from one Member State to another and may thereby compromise the proper operation of the common market ;

Whereas the Community should accordingly contribute to the financing required by this situation, and to this end itself borrow funds to be put at the disposal of Member States whose balance of payments is affected by the increase in the price of petroleum products, in the form of loans having identical financial characteristics ;

Whereas, moreover, intervention by the Community as such is likely to contribute to a stabilization of capital movements due to the increase in the price of petroleum products, to the benefit of the whole international community ;

Whereas each loan to a Member State must be conditional upon the adoption by that Member State of economic policy measures designed to redress its balance of payments ;

Whereas it follows from the foregoing that transactions of this type are necessary to attain the objectives of the Community as defined in the Treaty, and in particular the harmonious development of economic activities throughout the Community ;

Whereas the Treaty makes no provision for the powers of action required for this purpose,

HAS ADOPTED THIS REGULATION :

Article 1

The Community may undertake a series of operations to raise funds, either directly from third countries and financial institutions, or on the capital markets, with the sole aim of re-lending those funds to one or more Member States in balance of payments difficulties caused by the increase in prices of petroleum products.

Article 2

The opening of the negotiations necessary for each loan transaction shall be authorized by the Council on the initiative of one or more Member States. The decision to open negotiations shall also lay down the procedures for those negotiations.

In the light of the outcome of those negotiations, the Council shall decide on what terms each loan agreement is to be concluded. The average period for which funds are borrowed shall not be less than five years.

Article 3

The Council shall decide on the principle and the terms of loans to be granted to one or more Member States and on the economic policy conditions to be fulfilled by each beneficiary Member State in order to redress its balance of payments.

The funds shall be paid only into central banks and shall be used only for the purposes indicated in Article 1.

Article 4

The operations of borrowing and lending referred to in Article 1 shall be expressed in the same currency and carried out on the same terms with respect to

repayment of the principal and payment of interest. The costs incurred by the Community in concluding and carrying out each operation shall be borne by the beneficiary Member State concerned.

Article 5

The loan operations authorized by this Regulation shall be limited to the equivalent in European monetary units of account of 3 000 million US dollars in principal and interest payments.

Article 6

The guarantees designed to ensure that the loans referred to in Article 1 are serviced and repaid in all circumstances shall not exceed the following percentages applied to the total amount of the loan in principal and interest :

	%
Germany	44·04
United Kingdom	44·04
France	44·04
Italy	29·36
Belgium/Luxembourg	14·68
Netherlands	14·68
Denmark	6·60
Ireland	2·56

Article 7

The Council shall lay down detailed rules for the implementation of this Regulation.

Article 8

The measures referred to in Articles 2, 3 and 7 shall be adopted by the Council acting unanimously on a proposal from the Commission, which shall consult the Monetary Committee on the matter.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 February 1975.

For the Council

The President

R. RYAN