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(Acts whose publication is obligatory)

COUNCIL REGULATION (EEC) No 682/81

of 16 March 1981

adjusting the Community loan mechanism designed to support the balance of payments of Member States

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 (1),

Whereas the Community loan mechanism set up by Regulations (EEC) No 397/75 (2) and (EEC) No 398/75 (3) still, in its general design, meets the needs of the present situation which is marked by balance of payments disequilibria in the Community;

Whereas, in the light of experience and in accordance with the conclusions reached by the Monetary Committee in its report of 10 October 1980, it is advisable to adjust the provisions for granting Community loans in order to increase their effectiveness and simplify the procedures for implementing them;

Whereas it should be possible for the operation of lending to a Member State to take place soon enough in order to encourage that State to adopt, in good time, measures likely to prevent the occurrence of an acute balance of payments crisis; whereas each loan to a Member State must be linked to the adoption by that Member State of economic policy measures designed to re-establish a tolerable balance of payments situation and adapted to the gravity of the balance of payments situation in that State and to the way in which it develops;

Whereas these loans are therefore 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 specific powers of action required for this purpose,

HAS ADOPTED THIS REGULATION:

Article 1

In accordance with the Decision adopted by the Council pursuant to Article 2 and after consulting the Monetary Committee, the Commission shall be empowered to contract loans, on behalf of the European Economic Community, either directly from third countries and financial institutions, or on the capital markets, with the sole aim of lending the funds raised to one or more Member States in balance of payments difficulties directly or indirectly related to an increase in prices of petroleum products.

Article 2

On the initiative of the Member State seeking a Communits loan, the Council, after examining the situation of that State and the adjustment programme which it undertakes to implement, shall decide, as a rule during the same meeting:

— whether to grant the loan,

— the amount of the loan,

— the techniques for disbursing the loan which may be paid in one amount or in several instalments,

— the economic policy conditions attaching to the loan, with a view to re-establishing a sustainable balance of payments situation.

At the request of the Member State seeking the loan, the loan may carry the option of early repayment at any time; whis would imply the use of the appropriate borrowing formulae.

(1) OJ No C 346, 31. 12. 1980, p. 98.
(2) OJ No L 46, 20. 2. 1975, p. 1.
(3) OJ No L 46, 20. 2. 1975, p. 3.

Article 3

Where a Member State receives a loan from the Community, the Commission in collaboration with the Monetary Committee shall take the necessary measures to verify at regular intervals that the economic policy of that State accords with the adjustment programme and any other conditions laid down by the Council pursuant to Article 2 and, where appropriate, shall pay any successive instalments on the basis of the findings of such verification. To this end, the Member State shall place all the necessary information at the disposal of the Commission. The Council shall decide on any adjustment to be made to the initial economic policy conditions.

Where a Member State receives a loan carrying an early repayment clause and decides to invoke this option, the Commission shall take the necessary steps after consulting the Monetary Committee.

Article 4

The operations of borrowing and lending referred to in Article 1 shall be expressed in the same currency units and carried out using the same value date and 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.

When the borrowings are expressed, payable or repayable in the currency of a Member State, they may be concluded only with the agreement of the competent authorities of that State.

Article 5

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

Article 6

The outstanding amount of the borrowing authorized by this Regulation shall be limited to 6 000 million ECU in principal. For the application of this ceiling, the operations of borrowing shall be recorded at the exchange rate of the day on which they take place. The operations of repayment shall be recorded at the exchange rate of the day on which the corresponding borrowing took place.

Article 7

No later than five years after the adoption of this Regulation, the Council shall examine, on the basis of a report from the Commission, after delivery of an opinion of the Monetary Committee and following consultation with the European Parliament, whether the mechanism established still meets, in its principle, its arrangements and its ceiling, the needs which led to its creation.

Article 8

This Regulation replaces Regulations (EEC) No 397/75 and (EEC) No 398/75. However, the provisions of those Regulations shall continue to apply to borrowing and lending operations contracted before the date of entry into force of this Regulation.

Article 9

The Council shall adopt the decisions referred to in Articles 2 and 3, acting unanimously on a proposal from the Commission, which shall consult the Monetary Committee on the matter.

Article 10

The European Monetary Cooperation Fund shall make the necessary arrangements for the administration of the loans.

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

Done at Brussels, 16 March 1981.

For the Council

The President

A. P. J. M. van der STEE