

27.3.71

Official Journal of the European Communities

No L 73/15

COUNCIL DECISION

of 22 March 1971

setting up machinery for medium-term financial assistance

(71/143/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 10 April 1970;

Having regard to the proposal from the Commission;

Whereas the starting point of the procedure to be put into effect in order to create an economic and monetary union must be the achievement of the action advocated in the memorandum of the Commission to the Council of 12 February 1969;

Whereas Article 108 of the Treaty provides for mutual assistance where a Member State is in difficulties or is seriously threatened with difficulties as regards its balance of payments, in particular by means of limited credits granted by other Member States, subject to their agreement;

Whereas the Council has established quantitative guidelines in respect of medium-term economic policy; whereas a Member State may, while endeavouring to comply with these guidelines, find itself in difficulties or seriously threatened with difficulties as regards its balance of payments;

Whereas appropriate procedures and instruments should be provided for in advance to enable the Community and Member States to ensure that, if required, measures of mutual assistance are taken quickly, especially where circumstances call for immediate action;

Whereas a machinery for medium-term financial assistance meets this requirement; whereas it is appropriate to provide that together with this machinery there should be ceilings on the credits granted, to set a limited period for the obligations involved and to lay down the terms relating thereto;

Whereas it appears essential to hold prior consultation within the Community before having any recourse to international credits;

HAS ADOPTED THIS DECISION:

Article 1

1. Member States shall make available, up to the ceilings set out in the Annex, medium-term credits granted in the form of mutual assistance by directive or decision taken by a qualified majority by the Council on a recommendation of the Commission which shall for this purpose consult the Monetary Committee pursuant to Article 108.

2. This obligation shall apply for a period of four years commencing 1 January 1972; it shall then be automatically renewed every five years, if agreement is reached on the transition to the second stage of the plan for economic and monetary union, and provided that one or more Member States do not notify the Council and the Commission of their opposition at the latest six months before the expiry of the current period.

Article 2

Where a Member State in difficulties or seriously threatened with difficulties as regards its balance of payments proposes to call upon sources of medium-term credit outside the Community, it shall first consult the Commission and the other Member States in order to examine, among other things, the possibilities of financial assistance from within the European Economic Community. Such consultations shall be held within the Monetary Committee.

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 in respect of economic policy the recipient Member State must enter into, taking account in particular of the quantitative guidelines on medium-term economic policy; it shall also fix the amount and the terms of the credit, in particular its duration and the rate of interest which it shall bear.

Furthermore, where required and particularly if a Member State so requests, the Council shall, in accordance with the first subparagraph, take steps to allow the mobilisation of their claims by creditor States in difficulties or seriously threatened with difficulties as regards their balance of payments.

2. Credits under this system shall be granted for 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.

3. The claims and obligations arising from the implementation of mutual assistance shall be expressed in terms of a unit of account having a value of 0.88867088 grammes of fine gold.

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, on the strength of its statement, be exempt from contributing to the financing of that operation. A Member State finding itself in that position shall inform the Council and the Commission thereof.

2. The position of that State shall remain subject to examination within the Monetary Committee. If the Commission or a Member State considers that the trend of its balance of payments and/or reserves of that State would allow it to participate in the proposed 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 scheme and shall fix the conditions for its participation.

Article 5

1. On the initiative of the Commission or of 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 claim owed either in full or in part in so far as the conditions which brought about recourse to the system have disappeared.

2. 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.

3. 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, the Council shall, acting in accordance with the procedure laid down in Article 1 (1), decide to mobilise the claims of that or those States.

Mobilisation shall 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, if necessary by concerted action by Member States with other international organisations;
- by early repayment in full or in part by the debtor Member State or States.

4. Where refinancing takes place from outside the system; the debtor country shall agree that the currency in which the debt was originally denominated shall be replaced by 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 *ad hoc* decision taken in accordance with the procedure laid down in Article 1 (1), decide as to the sharing of the additional cost.

Article 6

Member States shall, in good time, take the measures necessary under their national laws for application of this Decision, so that they are in a position to grant credits in pursuance of this Decision as from 1 January 1972.

Article 7

This Decision is addressed to the Member States.

Done at Brussels, 22 March 1971.

For the Council

The President

M. COINTAT

ANNEX

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

	millions of u.a.	% of total
Germany	600	30
Belgium-Luxembourg	200	10
France	600	30
Italy	400	20
Netherlands	200	10
Total	2000	100