

COMMISSION DECISION

of 4 December 1968

authorizing the French Republic to take certain protective measures in accordance with Article 108 (3) of the Treaty

(Only the French text is authentic)

(68/406/EEC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

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

Having regard to the Commission Decision of 23 July 1968, and in particular Article 9 thereof;

Whereas the exceptional economic situation in France during May and June 1968 and the adverse effects thereof on the external balance of its economy led the Council to grant to that country, by a Directive of 20 July 1968, the mutual assistance provided for in Article 108 (2) of the Treaty; whereas, since that mutual assistance was not of itself sufficient to remedy that imbalance, the Commission, by a Decision of 13 July 1968, taken pursuant to Article 108 (3), authorized the French Republic to continue to apply, as a temporary and exceptional arrangement, foreign exchange restrictions derogating from the obligations imposed by the Treaty and the Directives issued for the application thereof to capital movements;

Whereas the French Republic rescinded those measures in September 1968 in view of the results which had by then been achieved in the process of restoring the balance of its economy to normal; whereas, however, before that process had fully restored the situation, in particular as regards its external financial transactions, a sudden deterioration in the overall balance of payments, sharply intensified by speculative capital movements, led to substantial flights of capital which obliged the French Government to reintroduce, as a matter of urgency, exchange restrictions going even beyond the measures adopted in May 1968;

Whereas the mutual assistance granted by the Council on 20 July 1968 is still in force; whereas the other Member States have, in addition, and at the same time as certain third States, rendered substantial financial assistance to France; whereas the Federal Republic of Germany introduced measures to facilitate imports into its

territory, to tax exports and to stem the inflow of capital; whereas it is evident, however, that the austere programme of economic and financial restrictions undertaken by the French Government in compliance with the terms of the Treaty can be pursued only if foreign exchange reserves are given temporary protection, particularly as regards capital movements of a financial nature other than current transactions in goods and services and other invisible transactions; whereas with regard to the latter, however, a limit on the outflow of currency for business travel is also justified as an exceptional measure by way of derogation from Article 106 (1) of the Treaty;

Whereas it is also justifiable, for the same reasons, by way of derogation from Articles 31 and 34 of the Treaty respectively, to require that all import and export settlements be made through approved intermediaries and that exported goods be paid for within 180 days of the arrival of those goods at their destination;

Whereas the French Republic may therefore be authorized to maintain the restrictions and controls reintroduced as a matter of urgency on 25 November 1968 until the measures to restore the overall equilibrium of the French economy have eliminated the danger of speculative capital movements;

Whereas these considerations make it necessary to amend the Commission Decision of 23 July 1968 on measures relating to foreign exchange,

HAS ADOPTED THIS DECISION:

Article 1

The French Republic is hereby authorized on a temporary basis:

- (a) within the ambit of measures actually in force at the date of adoption of this Decision, to prohibit, or to require a prior exchange authorization for, the conclusion or performance of transactions and transfers in respect of capital movements, referred to in 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 Directive 63/21/EEC of 18 December 1962;

- (b) to limit, or to require a prior authorization for, imports and exports of the means of payment necessary for business travel;
- (c) to require that import or export settlements for goods should be financed through approved intermediaries and to impose a time limit for the payment of exported goods of 180 days following the arrival of those goods at their destination.

Article 2

The Commission shall keep the application of those measures under constant review.

It reserves the right to withdraw or to amend this authorization as soon as the financial flows have been sufficiently restored to normal.

Article 3

Article 1 of the Decision of 23 July 1968 is hereby repealed.

Article 4

This Decision is addressed to the French Republic.

Done at Brussels, 4 December 1968.

For the Commission

The President

Jean REY