COUNCIL DIRECTIVE 92/122/EEC

of 21 December 1992

authorizing the Hellenic Republic to defer liberalization of certain capital movements pursuant to Article 6 (2) of Directive 88/361/EEC

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 69 thereof,

Having regard to the Council Directive 88/361/EEC of 24 June 1988 for the implementation of the provisions of Article 67 of the Treaty [1], and in particular Article 6 (2) thereof,

Having regard to the proposal form the Commission submitted following consultation with the Monetary Committee,

Whereas pursuant to Article 6 (2) of the Directive the Hellenic Republic was authorized to continue to apply, until 31 December 1992, restrictions on the movement of capital laid down in Annex IV, Lists III and IV, of the Directive; whereas that paragraph provides for the possibility for an extension of this time limit, not exceeding three years;

Whereas the Hellenic Republic has applied a programme of economic stabilization and reform; whereas the process of budgetary consolidation has accelerated and it will be strengthened with the 1993 budget; whereas despite the adjustment effort which is underway, solid expectations of monetary and exchange rate stability have not, yet, been established; whereas the maintenance of restrictions on short-term capital, for a specified period, is necessary in order to ensure a smooth macroeconomic adjustment and to support monetary and exchange rate policies after the entry of the drachma to the exchange rate mechanism of the European Monetary System (EMS); whereas the Hellenic Republic has requested an extension of the time limit set for complete liberalization of short-term capital movement until 1 January 1995; whereas it intends, however, to proceed to the liberalization, from 1 January 1993, of some of the currently applied restrictions;

Whereas the Commission has reviewed, in collaboration with the Monetary Committee, the economic and financial developments in the Greek economy; whereas it follows from this examination that although progress has been made in the stabilization of the economy and the situation of the balance of payments has improved, the existing sizeable budgetary imbalances and the still high inflation render this improvement fragile; whereas a gradual liberalization of short-term capital movements is appropriate before a durable improvement in the stabilization of the economy can be achieved;

Whereas reforms have been introduced and liberalization measures have been taken by the Greek authorities in the financial market sector; whereas, however, the financial system is not yet sufficiently developed to face a situation of complete mobility of capital;

Whereas there are grounds, in view of the above, for extending the authorization to apply restrictions on the movement of short-term capital;

Whereas however such a derogation can in no way justify a control of capital movements under conditions contrary to Article 8a of the Treaty,

HAS ADOPTED THIS DIRECTIVE:

Article 1

The Hellenic Republic may temporarily continue to apply restrictions to the capital movements listed in the Annex, subject to the conditions and time limits laid down in that Annex.

Article 2

This Directive is addressed to the Member States.

Done at Brussels, 21 December 1992.

For the Council

The President

D. HURD

[1] OJ No L 178, 8. 7. 1988, p. 5.