COUNCIL DIRECTIVE

of 18 December 1975

adapting the conditions laid down for the grant of medium-term financial assistance to the Italian Republic

(75/784/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 108 (2) thereof ;

Having regard to Council Directive 74/637/EEC (1) of 17 December 1974 granting medium-term financial assistance to the Italian Republic, and in particular Article 8 thereof ;

Having regard to the recommendation submitted by the Commission, after consulting the Monetary Committee ;

Whereas the economic situation of the Italian Republic has been the subject of detailed examination in collaboration with the Monetary Committee ; whereas this examination has revealed a considerable improvement in the internal and external economic equilibrium ; whereas the principle objective of Directive 74/637/EEC was to improve the balance of payments by means of the achievement in 1975 of a surplus of at least 1 000 million US dollars on the Italian trade balance, leaving aside net imports of petroleum products ; whereas this objective has been attained and even substantially exceeded ;

Whereas Article 8 of Directive 74/637/EEC provides for the adaptation by the Council for 1976 of the conditions laid down in Article 6 concerning the economic policy measures to be taken by the Italian Republic ; whereas, for 1976, the principle objective of these measures is to keep the overall trade balance deficit (difference between imports fob and exports fob) below Lit 1 500 000 million ; whereas the outlook for the development of economic activity is, in the present situation, particularly uncertain ; whereas it is therefore necessary to monitor with particular care the development of the economic situation in Italy in the course of 1976 and to adapt the objectives laid down, should the economic assumptions on which they are based need to be modified ;

Whereas Article 7 of Directive 74/637/EEC sets out medium-term economic policy guidelines ; whereas these guidelines are assuming an increasing importance as the date of expiry of the financial assistance approaches ; whereas a special effort should be made by the Italian authorities to improve the current account of the central government because of the deterioration noted during 1975 ; whereas a substantial reduction of monetary financing of the deficit on treasury transactions is necessary in accordance with paragraph 2 of the same Article, and that it therefore appears to be advisable to set a ceiling for this ;

Whereas it appears necessary that the Council should be able to adapt again for 1977 and, where appropriate, in the course of 1976 the conditions laid down in Directive 74/637/EEC as adapted by this Directive ;

Whereas it should be possible to fix intermediate objectives shortly ;

Whereas it appears advisable to set a deadline for establishing the extent to which the conditions laid down in Article 7 of Directive 74/637/EEC have been fulfilled,

HAS ADOPTED THIS DIRECTIVE :

Article 1

1. The economic policy measures set out in Article 6 of Directive 74/637/EEC shall be adapted as follows :

(a) the growth of total lending, as defined in Article 6 (1) of Directive 74/637/EEC, shall be limited to Lit 31 000 million in respect of the 1976 calendar year ;

(b) the deficit on treasury transactions, as defined in Article 8 (3) of Directive 74/637/EEC, must not exceed Lit 14 800 000 million in respect of the 1976 calendar year.

2. The economic policy measures set out in Article 7 of Directive 74/637/EEC shall be adapted as follows :

(a) the rate of increase in central government current expenditure must not exceed 15 % in the 1976 calendar year. The central government shall take steps to ensure that other public authorities and the social security institutions limit their current expenditure in 1976 to the same extent ;

(b) central bank financing of the deficit on treasury transactions shall be limited to Lit 5 700 000 million in the 1976 calendar year.

(1) OJ No L 341, 20. 12. 1974, p. 51.