

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 664 final.

Brussels, 16 December 1977

ACCESSION NEGOTIATIONS WITH GREECE

Eighth Report

on the examination of Community secondary legislation
(Acts relating to the economic and financial fields)

(Communication from the Commission to the Council)

COM(77) 664 final.

1. In continuation of the examination of Community secondary legislation in accordance with the brief received from the Council, the Commission has examined with the Greek Delegation all the general acts of the institutions of the EEC in the economic and financial fields which were in force on 31 January 1977.

However, this examination did not cover the following acts, which it was felt should be examined in the context of other sectoral categories:

Council Directive of 31 May 1963 (63/340/EEC) on the abolition of all prohibitions on or obstacles to payments for services where the only restrictions on exchange of services are those governing such payments.
(OJ No 86, 10.6.1963, p. 1609/63)

Council Directive of 30 July 1963 (63/474/EEC), liberalizing transfers in respect of invisible transactions not connected with the movement of goods, services, capital or persons.
(OJ No 125, 17.8.1963, p. 2240/63)

Council Decision of 29 June 1976 (76/568/EEC) on the association of the overseas countries and territories with the European Economic Community.
(OJ L 176, 1.7.1976, p. 8)

2. The examination is incomplete since not all the texts concerning the European Monetary Cooperation Fund (EMCF) were looked at. Certain legal texts relating to the EMCF are published or at least made public but the eight decisions and three directives adopted by the Board of Governors prior to 31 January 1977 have been neither published nor made public, as they are considered to be internal acts of a confidential nature; the Commission therefore considered that they could not be communicated to the Greek Delegation without the prior agreement of the body in question. The examination of secondary legislation in this sector was therefore limited to the texts which had been published or made public.

The Board of Governors of the EMCF has since agreed that the internal directives and decisions may be communicated to the Greek Delegation. The Commission therefore reserves the right to present to the Council, if necessary and at a later date, an addendum to this report dealing with the acts in question.

3. There are three annexes to this report:

Annex I lists the acts not requiring any technical adaptation. Nevertheless, some of them are likely to give rise to certain problems, as indicated below.

Annex II lists the acts in respect of which technical adaptations are necessary and the precise nature of those adaptations.

Annex III lists the acts in respect of which the Greek Delegation has stated that it intends to request deferment of their implementation in Greece within the framework of the transitional period.

4. The Commission considers that the following additional observations and comments are called for:

(a) European unit of account

The Greek Delegation has indicated that it considers the problem of the inclusion of the drachma in the EUA basket to be a political question and that it is therefore a substantive matter to be dealt with in the negotiations.

The Commission sees the following difficulties in connection with the inclusion of the drachma in the EUA basket:

- (i) there is no real exchange market in Athens;
- (ii) in addition, the drachma is not quoted officially on the exchange markets of the Community countries;
- (iii) inclusion of the drachma would mean that there would be two different EUAs until the contracts denominated in the current EUA expired.

The first two points are bound up with the fact that the Commission has to calculate the value of the EUA each day "using daily market exchange rates" (see Article 2 of the Council Decision of 21 April 1975 (75/250/EEC) and of Commission Decision 3289/75/ECSC of 18 December 1975). The Commission is

continuing to study this problem. In any case it considers that if discussions "at the political level" should result in acceptance of the principle of including the drachma in the EUA basket, inclusion should be deferred until the first two conditions referred to above are met, and also in order to ensure that the inclusion of the drachma in the EUA basket does not result in a number of European units of account existing side by side for a lengthy period; such a situation would run counter to one of the prime objectives of the introduction of the EUA - namely, to reduce the considerable number of units of account at present in use - and would consequently result in less use being made of the EUA.

Accordingly, the following acts have not been included in any of the Annexes, pending the adoption of political decisions which will make it possible to classify them:

Council Decision of 21 April 1975 (75/250/EEC) on the definition and conversion of the European unit of account used for expressing the amounts of aid mentioned in Article 42 of the ACP-EEC Convention of Lomé.
(OJ L 104, 24.4.1975, p. 35)

Commission Decision 3289/75/ECSC of 18 December 1975 on the definition and conversion of the unit of account to be used in decisions, recommendations, opinions and communiques for the purposes of the Treaty establishing the European Coal and Steel Community.
(OJ L 327, 19.12 1975, p. 4)

(b) Free movement of capital

It was found that the two directives on the free movement of capital (see Annex I, Nos 21 and 22) did not need any technical adaptation.

However, the Greek Delegation stated that it would be requesting a transitional period for the liberalization of capital movements. The content and duration of this period will therefore be matters for negotiation. The Commission Delegation noted this request, details of which were subsequently given in the statement made by the Greek Delegation at the sixth session of the Conference at Deputy level on 9 June 1977 (see CONF-GR/29/77), and the Community Delegation gave its reply in the statement it made at the eighth session at Deputy level on 23 September 1977 (see CONF-GR/45/77). Details of the acts in question are given in Annex III.

(c) Obligations of the Member States as regards short-term monetary support, medium-term financial assistance and Community loans

The Greek Delegation wished to know whether the technical adaptations to be made to certain acts in order to ensure Greece's participation in the various Community financing mechanisms* would mean that Greece would have to bear a share of the financing and guarantee obligations relating to loans accorded before its accession.

The Commission considers that, as regards financing, the question of Greek participation cannot arise since the operations in question involve sums which Member States or their central banks have already placed at the disposal of the recipients (Member States or central banks).

As regards guarantees, the question of a Greek contribution does not arise where the guarantee is provided by the Community in the form of an entry in the Budget. In the only case where the Community receives a guarantee from the Member States - that is, pursuant to Regulation No 398/75 concerning Community loans - the guarantee is merely latent and would be invoked only in the event of default on the part of the recipient Member State. From the internal standpoint of the enlarged Community, Greece should therefore participate in this guarantee system.

Nevertheless it could be necessary, in view of the contracts already concluded between the Community as at present constituted and suppliers of funds, to take account of information brought to the attention of the market and investors and hence to maintain the breakdown set out in Regulation No 398/75.

* See Annex II: Short-term monetary support, No 1
Medium-term financial assistance, No 2
Community loans, Nos 4 and 5.

(d) Stability, growth and full employment

In connection with the Council Directive of 18 February 1974 (74/121/EEC) on stability, growth and full employment in the Community (OJ L 63, 5.3.1974, p. 19), it must be pointed out that Greece does not possess the open market instrument required for the full implementation of the Directive. The Greek Delegation considered that a monetary and capital market could be developed rapidly and that the problems related to the establishment of the instrument in question could therefore be resolved in the foreseeable future. Nevertheless there remains the question of whether the act of accession should stipulate a time-limit for this so as to oblige the Greek authorities to take the necessary measures rapidly.

ACTS NOT REQUIRING TECHNICAL ADAPTATIONS

ECONOMIC AND MONETARY UNION

1. Resolution of the Council and of the Representatives of the Governments of the Member States of 22 March 1971 on the phased establishment of economic and monetary union in the Community.
(OJ L 28, 27.3.1971, p.1)
2. Resolution of the Council and of the Representatives of the Governments of the Member States of 21 March 1972 on the application of the Resolution of 22 March 1971 on the attainment by stages of economic and monetary union in the Community.
(OJ C 38, 18.4.1972, p. 3)

MONETARY COOPERATION

3. Council Decision of 8 May 1964 (64/300/EEC) on cooperation between the Central Banks of the Member States of the European Economic Community.
(OJ No 77, 21.5.1964, p. 1206)
4. Rules of procedure of the Committee of Governors of the Central Banks of the Member States of the European Economic Community (12 October 1964).
5. Council Decision of 8 May 1964 (64/301/EEC) on cooperation between Member States in the field of international monetary relations.
(OJ No 77, 21.5.1964, p. 1207)
6. Declaration of 8 May 1964 (64/306/EEC) of the Representatives of the Governments of the Member States of the European Economic Community met together in the Council regarding the organization of advance consultations between the Member States in the event of changes in the exchange parities of their currencies.
(OJ No 78, 22.5.1964, p. 1226)
7. Extracts from the minutes of the 35th meeting (8 December 1969) of the Committee of Governors of the Central Banks of the Member States of the European Economic Community concerning the Community system of short-term monetary support.
8. Agreement of 9 February 1970 setting up a system of short-term monetary support among the Central Banks of the Member States of the European Economic Community.

9. Council Decision of 22 March 1971 (71/142/EEC) on the strengthening of cooperation between the Central Banks of the Member States of the European Economic Community.
10. Agreement of 10 April 1972 between the Central Banks of the Member States of the Community on the narrowing of the margins of fluctuation between Community currencies.
11. Instrument dated 8 January 1973 relating to the accession of the Central Banks of Denmark, Ireland and the United Kingdom to the Agreement of 9 February 1970.
12. Council statement of 12 March 1973 on the review of measures to be taken to deal with the international monetary crisis.
13. Council Regulation (EEC) No 907/73 of 3 April 1973 establishing a European Monetary Cooperation Fund.
(OJ L 89, 5.4.1973, p. 2)
14. Provisional rules of procedure of the European Monetary Cooperation Fund. (Text adopted by the Council of the European Communities and the Board of Governors of the Fund on 28 June 1973).
15. Decision of the Representatives of the Governments of the Member States of 24 July 1973 (73/208/EEC) on the provisional location of the European Monetary Cooperation Fund.
(OJ L 207, 28.7.1973, p. 46)

MEDIUM-TERM FINANCIAL ASSISTANCE

16. Council Decision of 18 December 1975 (75/785/EEC) renewing the machinery for medium-term financial assistance.
(OJ L 330, 24.12.1975, p. 50)
17. Council Directive of 17 December 1974 (74/637/EEC) granting medium-term financial assistance to the Italian Republic.
(OJ L 341, 20.12.1974, p. 51)
18. Council Directive of 18 December 1975 (75/784/EEC) adapting the conditions laid down for the grant of medium-term financial assistance to the Italian Republic.
(OJ L 330, 24.12.1975, p. 48).

INTERNATIONAL CAPITAL FLOWS

19. Council Directive of 21 March 1972 (72/156/EEC) on regulating international capital flows and neutralizing their undesirable effects on domestic liquidity.
(OJ L 91, 18.4.1972, p. 13)

UNIT OF ACCOUNT

20. Council Directive of 29 June 1976 (76/580/EEC) amending Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life insurance.
(OJ L 189, 13.7.1976, p. 13)

FREE MOVEMENT OF CAPITAL

21. First Council Directive of 11 May 1960 for the implementation of Article 67 of the Treaty.
(OJ 12.7.1960, p. 921/60)
22. Second Council Directive of 18 December 1962 (63/21/EEC) adding to and amending the First Directive for the implementation of Article 67 of the Treaty.
(OJ 22.1.1963, p. 62/63)
23. Commission Decision of 4 December 1968 (68/406/EEC) authorizing the French Republic to take certain protective measures under Article 108(3) of the Treaty.
(OJ L 295, 7.12.1968, p. 10)
24. Commission Decision of 5 May 1976 (76/446/EEC) authorizing the Italian Republic to take certain protective measures under Article 108(3) of the Treaty.
(OJ L 120, 7.5.1976, p. 30)
25. Commission Decision of 21 July 1976 (76/614/EEC) authorizing the Italian Republic to maintain certain protective measures under Article 108(3) of the Treaty.
(OJ L 196, 22.7.1976, p. 20)

26. Commission Decision of 29 September 1976 (76/773/EEC) amending the Decision of 21 July 1976 authorizing the Italian Republic to maintain certain protective measures under Article 108(3) of the Treaty.
(OJ L 268, 1.10.1976, p. 59)
27. Commission Decision of 23 July 1975 (75/487/EEC) authorizing the United Kingdom to take certain protective measures in accordance with Article 108(3) of the Treaty establishing the European Economic Community.
(OJ L 211, 9.8.1975, p. 29)
28. Council Decision of 11 May 1960 on the application to Algeria and the French overseas departments of the provisions of the Treaty concerning capital movements.
(OJ 12.7.1960, p. 919/60)
29. Council Decision of 25 February 1964 (64/350/EEC) on the application to the French overseas departments of certain provisions of the Treaty relating to the right of establishment and to payments.
(OJ 11.6.1964, p. 1484)

COMMUNITY LOANS

30. Council Decision of 15 March 1976 (76/322/EEC) concerning a Community loan in favour of the Italian Republic and of Ireland.
(OJ L 77, 24.3.1976, p. 12)
31. Council Decision of 15 March 1976 (76/323/EEC) fixing the economic policy conditions to be observed by Ireland.
(OJ L 77, 24.3.1976, p. 15)
32. Council Decision of 15 March 1976 (76/324/EEC) fixing the economic policy conditions to be observed by the Italian Republic.
(OJ L 77, 24.3.1976, p. 16)
33. Council Decision of 20 September 1976 (76/771/EEC) concerning the changing of a tranche of a Community loan from variable to fixed rates of interest.
(OJ L 265, 29.9.1976, p. 27)

MONETARY COMMITTEE

34. Council Decision of 2 April 1962 amending the Rules governing the Monetary Committee.
(OJ 30.4.1962, p. 1064)
35. Council Decision of 25 March 1976 (76/332/EEC) amending the Decision of 18 March 1958 laying down the Rules governing the Monetary Committee.
(OJ L 84, 31.3.1976, p. 56)

CONVERGENCE OF ECONOMIC POLICIES

36. Council Decision of 18 February 1974 (74/122/EEC) setting up an Economic Policy Committee.
(OJ L 63, 5.3.1974, p. 21)
37. Council Decision of 18 February 1974 (74/120/EEC) on the attainment of a high degree of convergence of the economic policies of the Member States of the European Economic Community.
(OJ L 63, 5.3.1974, p. 16)
38. Council Decision of 18 December 1975 (75/787/EEC) on an amendment to the timetable for the preparation of the annual report on the economic situation in the Community.
(OJ L 330, 24.12.1975, p. 52)
39. Council Decision of 26 July 1976 (76/646/EEC) on the preparation of public budgets for 1977.
(OJ L 229, 20.8.1976, p. 1)
40. Commission Recommendation of 23 July 1975 (75/446/EEC) to Member States concerning the measures to combat the recession.
(OJ L 209, 7.8.1975, p. 30)

STABILITY, GROWTH AND FULL EMPLOYMENT

41. Council Directive of 18 February 1974 (74/121/EEC) on stability, growth and full employment in the Community.
(OJ L 63, 5.3.1974, p. 19)
42. Joint statement adopted at the end of the tripartite conference on employment and stability in the Community, 24 June 1976.
(OJ C 173, 28.7.1976, p. 1)

MEDIUM-TERM ECONOMIC POLICY

43. Fourth medium-term economic policy programme.

The discussions were based on the draft programme (OJ C 12, 17.1.1977,
p. 1)

ACTS REQUIRING TECHNICAL ADAPTATIONS

MONETARY COOPERATION

1. With regard to short-term monetary support, technical adaptations will have to be made to the debtor and creditor quota lists with a view to including quotas for Greece; the question arises of whether the maximum amount of 1 500 million European monetary units of account set as the total for extensions beyond the debtor and creditor quotas should also be changed; however, there have not yet been any discussions with the Greek Delegation on the relevant EMCF texts (see section 2 of this report). Without prejudice to adaptation of the EMCF acts, it will in any event be necessary to adapt the Council Resolution of 18 February 1974 concerning short-term monetary support by including quotas for Greece.

MEDIUM-TERM FINANCIAL ASSISTANCE

2. Council Decision of 22 March 1971 (71/143/EEC) setting up machinery for medium-term financial assistance (OJ L 73, 27.3.1971, p. 15), as amended by Acts concerning the Accession (OJ L 73, 27.3.1972, p. 94):

in Article 1(2) it should be made clear, as was done on the occasion of the first enlargement of the Community (OJ L 73, 27.3.1972, p. 94) that the obligation referred in Article 1(1) shall apply from the date of Greece's accession and shall cease to have effect whenever it ceases to have effect as regards the other Member States;

the annex giving details of the ceilings for credits provided for in Article 1(1) should be replaced by a new annex giving the ceiling for credits as regards Greece, and a new percentage breakdown.

RATES OF EXCHANGE USED IN THE APPLICATION OF SOCIAL SECURITY SCHEMES TO EMPLOYED PERSONS AND THEIR FAMILIES MOVING WITHIN THE COMMUNITY

3. Council Regulation (EEC) No 2639/74 of 15 October 1974 amending Article 107 of Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community.

(OJ L 283, 19.10.1974, p. 1)

In Article 1(3) it is necessary to add a point (h) determining the exchange rate to be adopted for the drachma for the purposes of Article 107(1)(b) of Council Regulation (EEC) No 574/72 of 21 March 1972.

COMMUNITY LOANS

4. Council Regulation (EEC) No 397/75 of 17 February 1975 concerning Community loans.

(OJ L 46, 20.2.1975, p. 1)

In Article 6 a percentage for Greece should be added to the list of percentages determining for each country the maximum amount of the guarantees designed to ensure that the loans referred to in Article 1 are serviced and repaid in all circumstances.

If necessary, provision will have to be made for maintaining the current breakdown quotas in respect of existing loan contracts.

5. Council Regulation (EEC) No 398/75 of 17 February 1975 implementing Regulation (EEC) No 397/75 concerning Community loans.

(OJ L 46, 20.2.1975, p. 3)

In Article 2 it will be necessary to replace the scale determining the amount of foreign exchange to be provided by each Member State pursuant to Article 1 by a new scale including a percentage for Greece.

MONETARY COMMITTEE

6. Council Decision of 18 March 1958 laying down the Rules governing the Monetary Committee (OJ 6.10.1958, p. 390), as amended by the Act of Accession of 22 January 1972 (Annex I, Section VII, (1)):

in Article 7, the word "eleven" is replaced by the word "twelve";

in the first paragraph of Article 10, the word "eleven" is replaced by the word "twelve".

ACTS IN RESPECT OF WHICH THE GREEK DELEGATION
HAS STATED THAT IT WILL REQUEST DEFERMENT OF IMPLEMENTATION

The two acts in question, concerning the liberalization of capital movements, do not themselves require amendment:

1. First Council Directive of 11 May 1960 for the implementation of Article 67 of the Treaty.
(OJ 12.7.1960, p. 921/60)
2. Second Council Directive of 18 December 1962 (63/21/EEC) adding to and amending the First Directive for the implementation of Article 67 of the Treaty.
(OJ 22.1.1963, p. 62/63).