

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.10.2008
COM(2008) 717 final/2

2008/0208 (CNS)

CORRIGENDUM

Annule et remplace le document COM(2008)717 final du 30.10.2008
Ne concerne que la version EN

Proposal for a

COUNCIL REGULATION

**amending Regulation (EC) No 332/2002 establishing a facility providing medium-term
financial assistance for Member States' balances of payments**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The Council regulation (EC) 332/2002 establishes a facility providing medium-term financial assistance for Member States balances of payments, replacing the former instrument created by the Council Regulation n°1969/88. This facility implements the mechanism foreseen by the Article 119 of the Treaty, whereby the Community can grant a mutual assistance to a Member State *"in difficulties or seriously threatened with difficulties as regards its balance of payments either as a result of an overall disequilibrium in its balance of payments or as a result of the type of currency at its disposal"*, provided this Member State does not belong to the euro area.

2. The above mentioned regulation adopted in February 2002 lowered the threshold existing in the former regulation from EUR 16 billion to EUR 12 billion. This decision was consistent with the significant reduction in the potential number of recipients, with only three Member States outside of the euro area at that time. Though recital n°8 mentioned that this amount *"seems apt to (...) take into account of forthcoming enlargements of the European Union"*, the evolution of the international financial context leads today to conclude that it may not be sufficient, should several Member States need a significant Community medium term financial support. It is therefore proposed to raise this ceiling to EUR 25 billion, with a view to increasing significantly the capacity of the European Union to answer the potential needs of the Member States outside of the euro area.

3. It is also proposed to establish a specific procedure for revising the ceiling when there is an urgent need to take such a decision, as the existing procedure - which calls for a revision of the Regulation 332/2002 itself using the procedure foreseen by the Article 308 of the Treaty – cannot allow the very quick reaction that might be needed because of abnormally high disturbances on the markets. The Commission should be habilitated by the Council to decide a revision of the ceiling, after having received the opinion of the Economic and Financial Committee (EFC) on both the urgent need to do it and the new ceiling to introduce. The normal procedure of revision of the ceiling would therefore be maintained when there is no need for an urgent change or when the EFC objects to the use of the urgent procedure or disagree with the new amount to introduce as ceiling.

Proposal for a

COUNCIL REGULATION

amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission¹ presented following consultation with the Economic and Financial Committee,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the European Central Bank,

Whereas:

- (1) The large number of Member States outside the euro area and the possibility that several of them could need Community medium term financial assistance in the context of the current global financial crisis calls for a significant increase of the ceiling for the outstanding amount of loans to be granted to Member States laid down in Regulation (EC) No 332/2002
- (2) An ad hoc procedure should be foreseen for future revisions of that ceiling, with a view to improving the capacity of the Community to react quickly to major changes in the financial environment affecting the total amount of support potentially needed by the Member States.
- (3) Regulation (EC) No 332/2002 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Article 1 of Regulation (EC) No 332/2002 is amended as follows:

In paragraph 1, the second subparagraph is replaced by the following :

"The outstanding amount of loans to be granted to Member States under this facility shall be limited to EUR 25 billion in principal.";

The following paragraph 3 is added: "Where a serious deterioration of the financial environment calls for urgent Community medium term financial assistance to several Member States, the Commission may decide a revision of the ceiling after having received the opinion from the Economic and Financial Committee as regards both the urgent need to revise the

¹ OJ C , , p. .

² OJ C , , p. .

ceiling and the revised ceiling itself. The new ceiling shall enter into force on the day following that of its publication in the Official Journal of the European Union '.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, XX December 2008

For the Council
The President