COMMISSION OF THE EUROPEAN COMMUNITIES

RECOMMANDATION FOR COUNCIL DECISION

on the definition and conversion of the unit of account
used for expressing amounts in the EEC-ACP Lomé Convention.

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(submitted by the Commission to the Council)

EXPLANATORY MEMORANDUM

1. In connection with Article 42 of the EEC - ACP Convention signed in Lomé
   on 28th February 1975, the Community adopted a declaration, of which the
   ACP States took note, in which it undertook to adopt, as rapidly as pos-
   sible and certainly before the said Convention came into force, a defi-
   nition of the European unit of account in which all the amounts of aid
   mentioned in the Convention would be expressed.

   This is the purpose of this Council decision, the content of which is to
   be communicated to the ACP States.

2. In view of the present situation of the international monetary system,
   the choice of a unit of account raises certain problems. The system of
   gold parities has gradually been abandoned and has given way to a system
   of central rates. This system itself has been partly discontinued by most
   States.

3. In these circumstances it is no longer possible, as in the previous EDF
   to use a unit of account based on a parity grid.The value of the unit of
   account must rather be linked to a currency, or the average value of some
   set of currencies. The International Monetary Fund was faced with a similar
   problem concerning the valuation of Special Drawing Rights and the solution
   was to base their value on a standard basket of currencies.

4. A solution of this kind based on a basket of European currencies has proved
   feasible in several sectors of Community activity, and, in particular, has
   met the specific requirements of the European Development Fund.

5. A decision of the Council of Governors of the European Investment Bank
   must be made on the 18th March concerning the conversion rates for the unit
   of account for the Bank for the various national currencies especially so
   that last year's balance sheet can be established. If the "basket" solution
   is adopted for the European Development Fund, it would be appropriate to
   adopt the same solution for the EIB in its own procedures.

RECOMMENDATION FOR

COUNCIL DECISION EEC No. . . . /75

on the definition and conversion of the unit of account used for
expressing amounts in the EEC-ACP Lomé Convention.

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the recommendation of the Commission;

Having regard to the opinion of the Monetary Committee of 4th March 1975;

Whereas at the signing of the EEC-ACP Lomé Convention on 28th February
1975 the Community declared that the Council should have the right to
decide on a definition for a European unit of account for application
in the Convention

Whereas the unit of account has been constructed so as to have an inital
value on 28th June 1974 that corresponds to the value fixed by the
International Monetary Fund for the SDR.

Whereas the unit of account must represent an average value of the evolution
of the currencies of the Community, to assure the ACP state that the
amount of aid will be linked to the average performance of the currencies
of the Member States

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HAS ADOPTED THIS DECISION

Article 1

The amounts given in the EEC-ACP Lomé Convention or used in the application of this Convention are expressed in units of account which are made up of a basket of currencies of the Member States of the European Communities.

This unit of account is defined as the sum of the following amounts in Member States currencies:

DM	0.828	HFl	0.286
£ ster	0.0885	B.Fr	3.66
FF	1.15	Lux Fr	0.14
Lit	109	Dkr	0.217
		Irish £	0.00759

Article 2

The value of the unit of account in a national currency is equal to the sum of the equivalents in that currency of these amounts. It is calculated by the Commission using daily market exchange rates.

Daily values of the unit of account in various national currencies will be made available, and will be published periodically in the Official Journal of the European Communities.