International Finance, Trade and Aid Act 1977

1977 CHAPTER 6

An Act to make provision for the payment of further subscriptions to the International Monetary Fund and for raising the limit on loans under the International Mone tary Fund Act 1962; to enable effect to be given to certain amendments of the Articles of Agreement of that Fund; to amend the Export Guarantees Act 1975; to make further provision about the finances of the Commonwealth Development Corporation; to amend section 2 of the Overseas Aid Act 1968; and for purposes connected therewith. [30th March 1977]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Subscriptions and loans to International Monetary Fund.

1.—(1) There shall be paid out of the National Loans Fund any sums required for the purpose of paying to the International Monetary Fund—

(*a*) a subscription equal to a proposed increase of 125 million special drawing rights in the quota of the United Kingdom;

(*b*) further subscriptions of such amounts as may be authorised by order of the Treasury in the event of proposals being made for further increases in that quota.

(2) The Treasury may by order raise or further raise the limit imposed by section 1(1) of the International Monetary Fund Act 1962 on loans to the International Monetary Fund. 1962 c. 20.

(3) The power of the Treasury to make orders under subsection (1)(*b*) or subsection (2) above shall be exercisable by statutory instrument; and no such order shall be made until a draft of it has been laid before and approved by a resolution of the House of Commons.

Amendments of Bretton Woods Agreements Act 1945.

2.—(1) In this section—

"the Fund Agreement" means the Articles of Agreement of the International Monetary Fund; and

"the Amendments" means the amendments which it is proposed to make to the Fund Agreement and which are incorporated in the text of the Fund Agreement which was laid before Parliament by command of Her Majesty on 12th January 1977.

1945 c. 19 (9 & 10 Geo. 6).

(2) If the Amendments are made, section 2 of the Bretton Woods Agreements Act 1945 shall have effect with the following modifications.

(3) In paragraph (*b*) of subsection (1), for the reference to paragraph (*b*) of section 8 of Article IV of the Fund Agreement there shall be substituted a reference to section 11 of Article V (which relates to the maintenance of value of the Fund's assets).

(4) In paragraph (*d*) of subsection (1), for the references to Schedules D and E of the Fund Agreement there shall be substituted references to Schedules J and K respectively.

(5) In subsection (4), for the reference to section 5 of Article III of the Fund Agreement there shall be substituted a reference to section 4 of that Article.

(6) Subject to subsections (3) to (5) above, any reference in the said section 2 to a provision of the Fund Agreement shall be construed as a reference to that provision as it has effect after the Amendments are made.

Special drawing rights.

3.—(1) The purposes for which the Exchange Equalisation Account is to be used shall include the purpose of carrying out any of the functions of Her Majesty's Government in the United Kingdom under those Articles of Agreement of the International Monetary Fund which relate to special drawing rights.

(2) The Treasury may cause any funds in the Exchange Equalisation Account to be invested in the acquisition of special drawing rights; and any special drawing rights received or disposed of by Her Majesty's Government in the United Kingdom shall, in the case of receipts, be treated as assets of the Account and, in the case of disposals, be transferred from the Account.

1932 c. 25.

(3) In section 24(7) of the Finance Act 1932 (under which the Comptroller and Auditor-General is required to ascertain and

certify annually whether the Exchange Equalisation Account is being operated in accordance with Part IV of that Act) the references to that Part shall include references to this section.

Amendments of Export Guarantees Act 1975. 1975 c. 38.

4.—(1) The Export Guarantees Act 1975 shall have effect subject to the amendments in Schedule 1 to this Act, being amendments designed—

(*a*) to raise the limit on the Secretary of State's sterling commitments under that Act;

(*b*) to provide a new limit applicable to commitments under that Act entered into in terms of foreign currencies; and

(*c*) to require further information to be included in quarterly returns made under that Act.

(2) If, in the period beginning on 1st January 1977 and ending immediately before the passing of this Act, the Secretary of State, by virtue of arrangements made for the purpose by the Treasury,—

(*a*) gives guarantees under the Export Guarantees Act 1975 under which he incurs foreign currency liabilities, or

(*b*) makes arrangements under section 2(2) of that Act under which amounts of principal moneys in foreign currency are due to him,

the Export Guarantees Act 1975, as amended in accordance with subsection (1) above, shall apply to the guarantees or arrangements which fall within paragraph (*a*) or paragraph (*b*) above as if they had been given or made immediately after the passing of this Act.

(3) Section 6(6) of the Export Guarantees Act 1975 which, as set out in Schedule 1 to this Act, defines certain expressions for the purposes of that Act shall have effect in relation to subsection (2) above as if that subsection were included in that Act.

Raising of limits on borrowing by and advances to Commonwealth Development Corporation. 1959 c. 23. 1969 c. 36.

5.—(1) In the Overseas Resources Development Act 1959 section 12 (borrowing powers of Commonwealth Development Corporation) and section 13 (advances, etc. by the United Kingdom Government to the Corporation) shall be amended in accordance with this section.

(2) In paragraph (*b*) of subsection (3) of section 12 (which, as amended by section 1 of the Overseas Resources Development Act 1969 and as extended by an order under that subsection, provides that the Corporation shall not borrow, otherwise than temporarily, so as to have outstanding at any time an amount exceeding £260 million in the aggregate) for the words from "amount" to the end of the paragraph there shall be

substituted the words " amount exceeding £500 million or such larger sum, not exceeding £570 million, as the Minister of Overseas Development with the consent of the Treasury may from time to time by order specify ".

(3) At the end of section 12 there shall be inserted the following subsection:—

" (5) The power to make an order under subsection (3) of this section shall be exercisable by statutory instrument, but no such order shall be made unless a draft of it has been approved by a resolution of the House of Commons."

1969 c. 36.

(4) In subsection (1) of section 13 (which, as amended by section 1 of the Overseas Resources Development Act 1969 and as extended by an order under that subsection, provides that the aggregate amount outstanding at any time in respect of advances made by the Minister to the Corporation shall not exceed £240 million) for the words from " exceed " to the end of the subsection there shall be substituted the words " exceed £480 million or such larger sum, not exceeding £550 million, as the Minister of Overseas Development with the consent of the Treasury may from time to time by order specify ".

(5) After subsection (4) of section 13 there shall be inserted the following subsection:—

" (5) The power to make an order under subsection (1) of this section shall be exercisable by statutory instrument, but no such order shall be made unless a draft of it has been approved by a resolution of the House of Commons."

Power to free Commonwealth Development Corporation from obligations in respect of deferred liability account.

6. With respect to sums debited to the Commonwealth Development Corporation's special account known as the " deferred liability account " (which relates to certain capital sums advanced in respect of projects which were begun before 1951 and were subsequently abandoned and to certain deferred interest which had accumulated at 31st December 1960) the Minister of Overseas Development may with the consent of the Treasury remit the payment by the Corporation—

(*a*) of all sums outstanding in respect of advances made to defray capital expenditure ; and

(*b*) of such sums as the Minister may from time to time deem to be appropriate in respect of accumulated interest.

Contributions and other payments to international development banks.

1968 c. 57.

7.—(1) Section 2 of the Overseas Aid Act 1968 (payments to regional development banks of subscriptions and other contributions to their capital stock) shall have effect subject to the amendments in subsection (2) below, being amendments designed to expand the scope of the section so as to cover—

(*a*) international development banks which are not solely of a regional character ; and

(*b*) all types of payments which fall to be made to such banks in pursuance of arrangements by which Her Majesty's Government in the United Kingdom becomes bound.

(2) The amendments of section 2 of the Overseas Aid Act 1968 which are referred to in subsection (1) above are as follows:— 1968 c. 57.

(*a*) for the word "regional" in each place where it occurs, there shall be substituted the word "international";

(*b*) in subsection (1) for the words "additional contributions to the capital stock of" there shall be substituted the words "any further payment to";

(*c*) in paragraph (*a*) of subsection (1), for the words "initial or additional contribution or" there shall be substituted the words "initial contribution or further payment, including" and after the words "such contribution" there shall be inserted the words "or further payment"; and

(*d*) in subsection (2) for the words "the economic development of any region of the world" there shall be substituted the words "economic development either generally or in any region of the world".

(3) Nothing in this section shall affect the power to make any payment—

(*a*) to the International Bank for Reconstruction and Development under section 2 of the Bretton Woods Agreements Act 1945 or section 1 of the International Bank and Monetary Fund Act 1959; or 1945 c. 19 (9 & 10 Geo. 6). 1959 c. 17.

(*b*) to the International Development Association under section 2 of the International Development Association Act 1964 or section 1 of the Overseas Aid Act 1968; or 1964 c. 13.

(*c*) to the Asian Development Bank under section 2 of the Overseas Aid Act 1966. 1966 c. 21.

8.—(1) This Act may be cited as the International Finance, Trade and Aid Act 1977. Short title, interpretation and repeals.

(2) Any reference in this Act to any other enactment shall be construed as a reference to that enactment as amended by or under any other enactment.

(3) The enactments specified in Schedule 2 to this Act (which include enactments relating to past subscriptions to the International Monetary Fund and having no continuing effect) are hereby repealed to the extent specified in the third column of that Schedule.

SCHEDULES

Section 4.

SCHEDULE 1

1975 c. 38.

AMENDMENTS OF EXPORT GUARANTEES ACT 1975

Sterling and foreign currency commitments of the Secretary of State

1. The following sections shall be substituted for section 6 (which imposes limits in sterling on the Secretary of State's commitments):—

"Limit on commitments.

6.—(1) Subject to subsection (3) below, the aggregate of—

(*a*) the sterling liabilities at any time of the Secretary of State in respect of guarantees given under this Act;

(*b*) the amount of the principal moneys in sterling for the time being due to the Secretary of State under any arrangements made under section 2(2) above or outstanding in respect of loans made under section 3(1) above;

(*c*) the sums paid in sterling for the acquisition—

(i) of securities acquired under section 4(1) above and for the time being held by the Secretary of State, or

(ii) of currency for acquiring such securities; and

(*d*) the sterling liabilities at any time of the Secretary of State in respect of arrangements made under section 5 above;

shall not exceed £25,000 million.

(2) Subject to subsection (4) below and sections 6A and 6B below, the aggregate of—

(*a*) the foreign currency liabilities at any time of the Secretary of State in respect of guarantees given under this Act; and

(*b*) the amount of the principal moneys in foreign currencies for the time being due to the Secretary of State under any arrangements made under section 2(2) above or outstanding in respect of loans made under section 3(1) above;

shall not exceed 10,000 million special drawing rights.

(3) The Secretary of State may, on not more than three occasions, by order made with the consent of the Treasury increase or further increase the limit applicable under subsection (1) above by a sum specified in the order, being a sum not exceeding £5,000 million.

(4) The Secretary of State may, on not more than three occasions, by order made with the consent of the

Treasury increase or further increase the limit applicable under subsection (2) above by a sum specified in the order, being a sum not exceeding 5,000 million special drawing rights.

(5) Any order under subsection (3) or subsection (4) above shall be contained in a statutory instrument, and no such order shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.

(6) In this Act—

"foreign currency" means any currency other than sterling, including special drawing rights;

"foreign currency liabilities" means liabilities which are measured in a foreign currency, whether or not they are to be discharged in a foreign currency;

"sterling liabilities" means liabilities which are measured in sterling, whether or not they are to be discharged in sterling;

and references to amounts of principal moneys in sterling or in foreign currencies are to be taken as references to amounts which are measured, whether or not they are payable, in sterling or in foreign currencies, as the case may be.

(7) For the purposes of subsection (6) above in its application to guarantees—

(*a*) in cases where liabilities are measured in sterling but are expressed to be subject to a limit in a foreign currency, the liabilities are to be taken to be measured in a foreign currency; and

(*b*) in cases where liabilities are measured in a foreign currency but are expressed to be subject to a limit in sterling, the liabilities are to be taken to be measured in sterling.

Application of limit on commitments to foreign currency transactions.

6A.—(1) This section applies to—

(*a*) guarantees given under this Act under which the Secretary of State incurs foreign currency liabilities, other than guarantees of an amount in special drawing rights; and

(*b*) facilities arranged under section 2(2) above and loans made under section 3(1) above, under which amounts of principal moneys in foreign currencies, other than amounts in special drawing rights, are due to the Secretary of State or outstanding.

(2) In the case of a guarantee to which this section applies the amount to be taken into account under section 6(2)(*a*) above at any time shall be calculated by reference to the equivalent in force at that time under subsection (4) below in special drawing rights of the amount of the foreign currency liability of the Secretary of State under the guarantee.

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(3) In the case of a facility or loan to which this section applies the amount to be taken into account under section 6(2)(*b*) above at any time shall be calculated by reference to the equivalent in force at that time under subsection (4) below in special drawing rights of the amount in the foreign currency due to the Secretary of State by virtue of the facility or outstanding in respect of the loan.

(4) The equivalent in special drawing rights of an amount of a foreign currency liability or of an amount of principal moneys due or outstanding in a foreign currency shall be determined by the Secretary of State—

(*a*) on or by reference to the day on which—

(i) the guarantee is given ;

(ii) money is paid by the Secretary of State in fulfilment of the facility ; or

(iii) money is paid by him in fufilment of the loan ;

as the case may be ; and

(*b*) by reference to the last day of each quarter at the end of which—

(i) the guarantee remains in force ;

(ii) any of the principal moneys paid in fulfilment of the facility are due to the Secretary of State ; or

(iii) any of the principal moneys are outstanding in respect of the loan ;

as the case may be ;

and shall be so determined having regard to what appears to him to be the appropriate rate of exchange.

(5) A determination made under subsection (4)(*a*) above shall take effect as from the day on or by reference to which it is made and (unless it ceases to be required at an earlier date) shall remain in force until the end of the quarter in which the guarantee is given or, as the case may be, the money is paid.

(6) In relation to any quarter, a determination made by reference to the last day of the quarter under subsection (4)(*b*) above is referred to in this Act as a " quarterly revaluation " and shall take effect as from the end of that quarter and (unless it ceases to be required at an earlier date) shall remain in force throughout the next succeeding quarter.

Circumstances in which limit on commitments under section 6(2) may be exceeded.

6B.—(1) The aggregate of the liabilities and amounts referred to in subsection (2) of section 6 above may exceed the limit for the time being in force under that subsection if the excess is attributable and attributable only to a quarterly revaluation of any of those liabilities and amounts which took effect as from the end of a previous quarter.

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(2) If the conditions specified in subsection (3) below are satisfied, the Secretary of State may at any time so exercise any of his powers under section 1, 2 or 3(1)(*a*) above in favour of a person that, as a result of the exercise of that power, the aggregate of the liabilities and amounts referred to in subsection (2) of section 6 above—

(*a*) exceeds the limit in force at that time under that subsection ; or

(*b*) in a case where that limit has already been exceeded as permitted by subsection (1) above or by virtue of the prior application of this subsection, further exceeds that limit.

(3) The conditions referred to in subsection (2) above are:—

(*a*) that the Secretary of State has previously undertaken to exercise that power in favour of that person ; and

(*b*) that, if the Secretary of State had exercised that power at the time of his undertaking, the aggregate of those liabilities and amounts would not have exceeded the limit in force under section 6(2) above at that time."

Information to be given in quarterly returns

2. The following section shall be substituted for section 7 (returns):—

"Returns. 7.—(1) The Secretary of State shall publish after the end of each quarter returns giving, for that quarter, the information required by this section.

(2) Returns under this section for any quarter shall show separately—

(*a*) the aggregate amount of the guarantees given in that quarter under section 1 above under which the Secretary of State incurred sterling liabilities ;

(*b*) the aggregate amount of the guarantees given in that quarter under section 1 above under which the Secretary of State incurred foreign currency liabilities ;

(*c*) the aggregate amount of the guarantees given in that quarter under section 2(1) above under which the Secretary of State incurred sterling liabilities ;

(*d*) the aggregate amount of the guarantees given in that quarter under section 2(1) above under which the Secretary of State incurred foreign currency liabilities ; and

(*e*) the aggregate amount of the sterling liabilities of the Secretary of State incurred by him in that quarter in respect of arrangements made under section 5 above.

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(3) An amount required to be shown in a return under this section by virtue of paragraph (*b*) or paragraph (*d*) of subsection (2) above shall be expressed in special drawing rights.

(4) Returns under this section shall also show the aggregate amount which is to be taken into account under subsection (1) and under subsection (2) of section 6 above and the amount which is to be taken into account under each paragraph of those subsections, further separating, in the case of paragraph (*a*), those guarantees given under section 1 and those given under section 2(1) and, in the case of paragraph (*b*), arrangements under section 2(2) and loans under section 3(1) above.

(5) References in subsection (4) above to amounts to be taken into account under subsection (1) or (2) of section 6 above are references to the amounts to be taken into account at the end of the quarter to which the return in question relates having regard, in the case of subsection (2), to any quarterly revaluations taking effect as from the end of that quarter."

Supplemental

3. In section 9(1) (exercise of Secretary of State's powers) for the words "and 6(2)" there shall be substituted the words "6(3) and 6(4)".

4. The following shall be inserted among the definitions in section 11(1) in the appropriate places in alphabetical order, that is to say—

"foreign currency liabilities" has the meaning assigned to it by section 6(6) above;

"quarter" means a quarter ending with 31st March, 30th June, 30th September or 31st December in any year;

"quarterly revaluation" has the meaning assigned to it by section 6A(6) above; and

"sterling liabilities" has the meaning assigned to it by section 6(6) above.

SCHEDULE 2

Section 8(3).

ENACTMENTS REPEALED

Chapter	Short title	Extent of repeal
9 & 10 Geo. 6. c. 19.	The Bretton Woods Agreements Act 1945.	In section 2(1), paragraph (*a*).
1968 c. 13.	The National Loans Act 1968.	In Schedule 2, in the entry relating to section 2(1) of the Bretton Woods Agreements Act 1945, the word "subscriptions" and the reference to paragraph (*a*).
1968 c. 58.	The International Monetary Fund Act 1968.	The whole Act.
1969 c. 36.	The Overseas Resources Development Act 1969.	Section 1. Section 3(3).
1970 c. 49.	The International Monetary Fund Act 1970.	The preamble. Section 1.