

Overseas Investment and Export Guarantees Act 1972

1972 CHAPTER 40

An Act to authorise the Secretary of State to enter into certain agreements relating to overseas enterprises, and in particular to investment overseas, and to amend the Export Guarantees Act 1968. [29th June 1972]

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:—

Investment overseas: arrangements for meeting non-commercial risks.

1.—(1) The Secretary of State may with the consent of the Treasury make such arrangements as are provided for by this section for the purpose of insuring investment overseas against the risk of war, expropriation, restrictions on remittances and such other risks as appear to the Secretary of State not to be commercial risks.

(2) The Secretary of State may under the arrangements enter into agreements with persons carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or with companies controlled by such persons, under which the Secretary of State undertakes to indemnify the other party to the agreement against any loss of a description specified in the agreement which arises in connection with an investment of resources by that party, or by a company controlled by that party, in an enterprise carried on wholly or partly in a country other than the United Kingdom, the Channel Islands and the Isle of Man.

(3) Any such arrangements may include provision for an agreement in pursuance of the arrangements to contain such terms as the Secretary of State considers appropriate in the circumstances of the case.

(4) All powers and duties of the Secretary of State under this section shall be exercised and performed through the Export Credits Guarantee Department.

(5) The Secretary of State shall within the period of six months beginning with the passing of this Act publish a return showing the aggregate amount of the liabilities assumed by him under this section, and shall thereafter publish quarterly a return showing the aggregate amount of those liabilities assumed since the date of the last previous return under this subsection.

(6) As soon as may be after 31st March in 1973 and in each subsequent year the Secretary of State shall prepare a report on the discharge of his functions under this section, and shall lay the report before Parliament.

Arrangements for meeting non-commercial risks: financial provisions.

2.—(1) Any expenses incurred by the Secretary of State under the preceding section shall, subject to the provisions of this section, be defrayed out of money provided by Parliament.

(2) If any sum required by the Secretary of State for fulfilling his liabilities under such an agreement is not paid out of money provided by Parliament, it shall be charged on and paid out of the Consolidated Fund.

(3) The aggregate of the liabilities at any time of the Secretary of State under the preceding section shall not exceed the limit specified in subsection (4) below.

(4) The said limit shall be £250 million, but the Secretary of State may, on not more than two occasions, by order made with the consent of the Treasury, increase or further increase that limit by a sum specified in the order, being a sum not exceeding £250 million.

An order under this subsection shall be contained in a statutory instrument, and such an order shall not be made unless a draft of the order has been approved by a resolution of the Commons House of Parliament.

Abortive exploratory expenditure connected with overseas enterprises.

3.—(1) The Secretary of State may with the consent of the Treasury enter into an agreement with any person carrying on business in the United Kingdom, the Channel Islands or the Isle of Man, or with a company controlled by such a person, under which the Secretary of State undertakes that if the other party to the agreement, or a company controlled by that party—

(*a*) incurs expenditure approved by the Secretary of State in considering whether to make an investment of resources of a description so approved in an enterprise carried on or proposed to be carried on in a country other than the United Kingdom, the Channel Islands and the Isle of Man; or

(*b*) incurs expenditure approved by the Secretary of State in considering whether to participate in the management of such an enterprise,

and decides not to participate (whether by making an investment or otherwise), the Secretary of State will pay to the other party such sum, not exceeding the amount of the expenditure aforesaid, as may be provided by the agreement; and any such agreement may contain such terms as the Secretary of State considers appropriate in the circumstances of the case.

(2) Any expenses incurred by the Secretary of State by virtue of this section shall be defrayed out of money provided by Parliament.

Export guarantees: increase of limits on commitments. 1968 c. 26.

4.—(1) In section 4(1) of the Export Guarantees Act 1968—

(*a*) in paragraph (*a*) (commitments under section 1 of the Act) for the words "£2,400 million" there shall be substituted the words "£6,200 million", and

(*b*) in paragraph (*b*) (commitments under section 2 of that Act) for the words "£1,500 million" there shall be substituted the words "£6,000 million".

(2) Section 1 of the Export Guarantees and Payments Act 1970 (which increased the said amounts of £2,400 million and £1,500 million to £4,000 million and £2,500 million) shall be repealed. 1970 c. 15.

Short title and supplemental provisions.

5.—(1) This Act may be cited as the Overseas Investment and Export Guarantees Act 1972.

(2) In this Act—

(*a*) "business" includes a profession,

(*b*) references to a company controlled by a person are references to a company so controlled directly or indirectly, and include cases where the person having control is also a company.

(3) Any sum received by the Secretary of State by virtue of an agreement under this Act shall be paid into the Consolidated Fund.