

(A) the economic adjustment program converts high interest rate, short-term bank debt into long-term debt at significantly narrower interest rate spreads than the average interest rate spreads prevailing on bank debt reschedulings negotiated between August 1982 and August 1983 for countries receiving assistance from the Fund for economic adjustment programs in order to minimize the burdens of adjustment on the debtor nation, provided that such interest rate spreads are consistent with that nation's need to obtain adequate external private financing;

(B) the annual external debt service required of the country involved is a manageable and prudent percentage of the projected annual export earnings of such country; and

(C) the economic adjustment program will not have an adverse impact on international economic growth, world trade, exports, and employment of other member countries, and the long-term solvency of banks.

(c) Emergencies and extraordinary circumstances

The provisions of subsection (b)(2) of this section shall not apply in any case in which the Secretary of the Treasury first determines and provides written documentation to the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives that—

(1) an emergency exists in a nation that has applied to the Fund for assistance that requires an immediate short-term loan to avoid disrupting orderly financial markets;

(2) a sudden decrease in export earnings in the country applying to the Fund for assistance has increased the ratio of annual external debt service to annual export earnings, to greater than 85 per centum for a period projected to be no more than one year; or

(3) other extraordinary circumstances exist which warrant waiving the provisions of subsection (b)(2) of this section.

(July 31, 1945, ch. 339, §45, as added Pub. L. 98-181, title I [title VIII, §806], Nov. 30, 1983, 97 Stat. 1272.)

CHANGE OF NAME

Committee on Banking, Finance and Urban Affairs of House of Representatives treated as referring to Committee on Banking and Financial Services of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress. Committee on Banking and Financial Services of House of Representatives abolished and replaced by Committee on Financial Services of House of Representatives, and jurisdiction over matters relating to securities and exchanges and insurance generally transferred from Committee on Energy and Commerce of House of Representatives by House Resolution No. 5, One Hundred Seventh Congress, Jan. 3, 2001.

§ 286dd. Fund bailouts of banks; rescheduling of debt

The Secretary of the Treasury shall instruct the United States Executive Director of the Fund—

(1) to oppose and vote against any Fund drawing by a member country where, in his judgment, the Fund resources would be drawn principally for the purpose of repaying loans which have been imprudently made by banking institutions to the member country; and

(2) to work to insure that the Fund encourages borrowing countries and banking institutions to negotiate, where appropriate, a rescheduling of debt which is consistent with safe and sound banking practices and the country's ability to pay.

(July 31, 1945, ch. 339, §46, as added Pub. L. 98-181, title I [title VIII, §807], Nov. 30, 1983, 97 Stat. 1273.)

§ 286ee. International cooperation

The Secretary of the Treasury shall instruct the United States Executive Director of the Fund to propose that the Fund adopt the following policies with respect to international lending:

(1) In its consultations with a member government on its economic policies pursuant to article IV of the Articles of Agreement of the Fund, the Fund should—

(A) intensify its examination of the trend and volume of external indebtedness of private and public borrowers in the member country and comment, as appropriate, in its report to the Executive Board from the viewpoint of the contribution of such borrowings to the economic stability of the borrower; and

(B) consider to what extent and in what form these comments might be made available to the international banking community and the public.

(2) As part of any Fund-approved stabilization program, the Fund should give consideration to placing limits on public sector external short- and long-term borrowing.

(3) As a part of its annual report, and at such times as it may consider desirable, the Fund should publish its evaluation of the trend and volume of international lending as it affects the economic situation of lenders, borrowers, and the smooth functioning of the international monetary system.

(July 31, 1945, ch. 339, §47, as added Pub. L. 98-181, title I [title VIII, §809], Nov. 30, 1983, 97 Stat. 1274.)

§ 286ff. Fund interest rates

The Secretary of the Treasury shall instruct the United States Executive Director of the Fund to propose and work for the adoption of Fund policies regarding the rate of remuneration paid on use of member's quota subscriptions and the rate of charges on Fund drawings to bring those rates in line with market rates.

(July 31, 1945, ch. 339, §48, as added Pub. L. 98-181, title I [title VIII, §810], Nov. 30, 1983, 97 Stat. 1274.)

§ 286gg. Elimination of trade restrictions

(a) Promotion of fair trade as financial assistance policy

(1) The Secretary of the Treasury shall instruct the United States Executive Director of

each of the multilateral development banks (in this section referred to as the “banks”) and of the Fund to initiate a wide consultation with the Managing Director of each of the banks and of the Fund and the other directors of the banks and of the Fund with regard to the development of financial assistance policies which, to the maximum feasible extent—

(A) reduce obstacles to and restrictions upon international trade and investment in goods and services;

(B) eliminate unfair trade and investment practices; and

(C) promote mutually advantageous economic relations.

(2) The Secretary of the Treasury shall work closely in this effort with the Trade Policy Committee.

(3) As part of this effort, the Secretary of the Treasury shall also instruct the United States Executive Director of each of the banks and of the Fund to encourage close cooperation between their staff and the Secretariat of the World Trade Organization (as the term “World Trade Organization” is defined in section 3501(8) of title 19).

(b) Agreement to eliminate unfair trade practices as condition of financial assistance

(1) The Secretary of the Treasury shall instruct the United States Executive Director of each of the banks and of the Fund, prior to the extension to any country of financial assistance by the banks and by the Fund, to work to have the banks and the Fund obtain the agreement of such country to eliminate, in a manner consistent with its balance of payments adjustment program, unfair trade and investment practices with respect to goods and services which the United States Trade Representative, after consultation with the Trade Policy Committee, has determined to have a significant deleterious effect on the international trading system.

(2) Such practices include—

(A) the provision of predatory export subsidies, employed in connection with the exporting of agricultural commodities and products thereof to foreign countries;

(B) the provision of other export subsidies, such as government subsidized below-market interest rate financing for commodities or manufactured goods;

(C) unreasonable import restrictions;

(D) the imposition of trade-related performance requirements on foreign investment; and

(E) practices which are inconsistent with international agreements.

(c) United States position on requests for loans or drawing under bank and Fund programs; progress made in eliminating unfair trade practices

(1) In determining the United States position on requests for loans or periodic drawing under bank and Fund programs, the Secretary of the Treasury shall take full account of the progress countries have made in achieving targets for eliminating or phasing out the practices referred to in subsection (b) of this section.

(2) In the event that the United States supports a request for loans or drawing by a coun-

try that has not achieved the bank and Fund targets relating to such practices specified in its program, the Secretary of the Treasury shall report to the appropriate committees of the Congress the reasons for the United States position.

(d) “Multilateral development banks” defined

For purposes of this section, the term “multilateral development banks” means the International Bank for Reconstruction and Development, the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank.

(July 31, 1945, ch. 339, § 49, as added Pub. L. 98-181, title I [title VIII, § 812], Nov. 30, 1983, 97 Stat. 1275; amended Pub. L. 99-500, § 101(f) [title V, § 555], Oct. 18, 1986, 100 Stat. 1783-213, 1783-240, and Pub. L. 99-591, § 101(f) [title V, § 555], Oct. 30, 1986, 100 Stat. 3341-214, 3341-240; Pub. L. 106-36, title I, § 1002(c), June 25, 1999, 113 Stat. 133.)

CODIFICATION

Pub. L. 99-591 is a corrected version of Pub. L. 99-500.

AMENDMENTS

1999—Subsec. (a)(3). Pub. L. 106-36 substituted “Secretariat of the World Trade Organization (as the term ‘World Trade Organization’ is defined in section 3501(8) of title 19)” for “GATT Secretariat”.

1986—Subsec. (a)(1). Pub. L. 99-500 and Pub. L. 99-591, § 101(f) [title V, § 555(b)], inserted “each of the multilateral development banks (in this section referred to as the ‘banks’) and of”, “each of the banks and of”, and “banks and of the”, and substituted “development of financial” for “development of Fund financial”.

Subsec. (a)(3). Pub. L. 99-500 and Pub. L. 99-591, § 101(f) [title V, § 555(c)], inserted “each of the banks and of” and substituted “their staff” for “Fund staff”.

Subsec. (b)(1). Pub. L. 99-500 and Pub. L. 99-591, § 101(f) [title V, § 555(d)], inserted “each of the banks and of”, “the banks and by”, and “the banks and”.

Subsec. (c). Pub. L. 99-500 and Pub. L. 99-591, § 101(f) [title V, § 555(e), (f)], inserted “bank and” and “loans or” in pars. (1) and (2).

Subsec. (d). Pub. L. 99-500 and Pub. L. 99-591, § 101(f) [title V, § 555(a)], added subsec. (d).

§ 286hh. Policy based lending for debt reduction

(a) Criteria

The Secretary of the Treasury shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to initiate discussions with other directors of such bank and to advocate and support the facilitation of voluntary market-based programs for the reduction of sovereign debt and the promotion of sustainable economic development, which, if implemented, would—

(1) not require any organization or government to participate in such a program;

(2) result in debt reduction for each participating country tailored to the particular situation of each country;

(3) provide assistance to participating countries conditioned on the implementation of economic reforms, and the preservation of economic reforms previously implemented, by the country that are consistent with the principles of sustainable development;

(4) encourage participating countries to make economic adjustments steadily and over a period of time in order to achieve policy reform;