

vate 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 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 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 country 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 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;

(5) use debt reduction techniques that would not compensate commercial banks for the reduction in the value of such debt, but would serve as a catalyst for new lending;

(6) involve such bank in lending for purposes of debt reduction and conversion only where such involvement would not lower the credit rating of such bank;

(7) not require public sector funding beyond that provided through any capital increase for such bank, and any replenishment for the International Development Association, which is agreed to by the member countries of such institutions; and

(8) accomplish debt reduction, not as an end, but as a means to greater growth and investment in, and the restoration of voluntary private lending to, participating countries for environmentally and economically sustainable development.

(b) Policy based lending for debt reduction and sustainable growth

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 di-

rectors of such bank and to propose that policy based loans be made by such bank for, among other reasons, facilitating a reduction in the debt service burden of any country which is participating in a voluntary market-based program for debt reduction described in subsection (c) of this section.

(c) Voluntary market-based program for debt reduction and sustainable growth

In connection with the discussions initiated pursuant to subsection (b) of this section, the Secretary shall instruct the United States Executive Director of the International Bank for Reconstruction and Development to propose that a country be considered to be participating in a voluntary market-based program of debt reduction for purposes of subsection (b) of this section if the creditors of such country agree to significantly reduce the debt service of such country through forgiveness of a percentage of the interest owed by such country on any sovereign debt or through any other means.

(d) Reports

Not later than March 1, 1989, March 1, 1991, and March 1, 1993, respectively, the Secretary of the Treasury shall submit to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate 3 reports each of which—

(1) describes the long term strategy and lending programs of the International Bank for Reconstruction and Development for reducing and managing the debt burden of the countries designated as ‘Highly Indebted Countries’ in the 1987–1988 World Debt Tables published by such bank, and summarize the long term strategy and lending programs of such bank for other seriously indebted countries;

(2) contains an explanation of the measures taken by such bank to facilitate the reduction of the debt burden of the countries designated as ‘Highly Indebted Countries’ in the 1987–1988 World Debt tables¹ published by such bank;

(3) describes the extent (if any) to which such bank has implemented the measures described in subsections (b) and (c) of this section; and

(4) describes the success each of such countries has had in managing and reducing their debt burdens and achieving sustainable and equitable economic growth as measured by criteria including the ratio of debt service to exports, the ratio of debt to gross national product, net resource flows, and per capita income.

(e) Review by House Banking Committee

On receipt of each report required to be submitted pursuant to subsection (d) of this section, and after consultation with the Secretary of the Treasury, the Committee on Banking, Finance and Urban Affairs of the House of Representatives shall forward such report to the Committee on Appropriations of the House of Representatives with an assessment by the Com-

¹ So in original. Probably should be capitalized.