

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3140/Add.5
31 January 1969

Limited Distribution

Original: English

UNITED KINGDOM IMPORT DEPOSITS

Addendum

Arrangements with Respect to Overseas Borrowing

The delegation of the United Kingdom has submitted the following announcement and Exchange Control Notice issued by the Bank of England.

ANNOUNCEMENT, 17 DECEMBER 1968

Exchange Control Overseas Borrowing for Import Deposits

From tomorrow, Wednesday, 18 December, exchange control permission will not normally be given to United Kingdom importers or their agents to borrow foreign currency or external sterling for the purpose of payments of import deposits.

Specific exchange control consent is not required for a direct payment of import deposits from a foreign source, but permission will not be given for payment of interest to non-residents by United Kingdom importers or their agents in such cases.

Details of the new regulations are given in an Exchange Control Notice sent today by the Bank of England to authorized banks.

BANK OF ENGLAND NOTICE TO AUTHORIZED BANKS, 18 DECEMBER 1968

EXCHANGE CONTROL ACT 1947

Import Deposit Scheme

Introduction

1. This Notice cancels the Bank of England's Notice to Authorized Banks dated 22 November 1968.
2. The Import Deposit Scheme does not affect exchange control arrangements for payments to non-residents for imports into the United Kingdom, set out in the Notice E.C. 53 (Fifth Issue) of 20 September 1968; the opening of credits in

./.

favour of non-residents in respect of imports into the United Kingdom, set out in the Notice E.C. 67 (Fourth Issue) of 11 October 1968; or the conditions under which forward contracts in respect of payments for imports may be entered into, set out in the Notice E.C. 54 (Sixth Issue) of 11 October 1968.

Borrowing of foreign currency

3. As from the date of this Notice residents of the United Kingdom will not normally be given permission to borrow foreign currency, either from authorized banks or from non-residents, for the purpose of financing import deposits. Authorized banks should note that paragraph 7 of the Notice E.C. 66 does not give them authority to lend foreign currency to residents of the United Kingdom for this purpose.

4. The authority given to authorized banks in paragraph 7 of the Notice E.C. 66 to lend foreign currency to United Kingdom residents to enable them to make payment for imports where such payments could be authorized within the terms of the Notice E.C. 53, is unchanged. Banks are reminded, however, that forward cover for the repayment of such loans may be given only within the terms of paragraph 15(g) of the Notice E.C. 54. Before granting foreign currency loans to United Kingdom residents under the authority given in paragraph 7 of the Notice E.C. 66 to enable them to pay for imports, authorized banks should enquire whether their customers have bought foreign currency forward in respect of the goods concerned. Where such forward contracts have been entered into, and the customer wishes to proceed on the basis of a loan to pay for the imports, the forward contract should be cancelled in accordance with paragraph 19 of the Notice E.C. 54.

5. Applications by United Kingdom residents to borrow foreign currency for other purposes should continue to be dealt with in accordance with the terms of paragraphs 7, 11 and 12 of the Notice E.C. 66.

Borrowing of sterling from non-residents

6. Authorized banks are asked to remind their customers who enquire about borrowing sterling from non-residents of the provisions of paragraph 1 of the Notice E.C. 66. Permission will not normally be given for United Kingdom residents to accept loans in sterling from non-residents for the purpose of financing import deposits.

Payment of import deposits to H.M. Customs by non-residents

7. Where arrangements are made through United Kingdom banks for import deposits to be paid to H.M. Customs in sterling from an external account, authorized banks may authorize the repayment of such deposits to an external account, subject to the completion of a sterling transfer.