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INCREASED UNITED STATES PARTICIPATION IN THE ASIAN DEVELOPMENT BANK

JANUARY 21, 1974.—Committee to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H.R. 11666]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 11666) to provide for United States participation in increases in the ordinary capital and special funds resources of the Asian Development Bank, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

H.R. 11666 amends the Asian Development Bank Act of 1966, as amended, to authorize the U.S. Governor of the Asian Development Bank to subscribe on behalf of the United States to thirty thousand shares of the capital stock of the Bank. The bill also would authorize the appropriation without fiscal year limitation of $361,904,726 for payment by the Secretary of the Treasury for this increase in the U.S. subscription.

H.R. 11666 also amends the Asian Development Bank Act to authorize the U.S. Governor of the Bank to agree to contribute on behalf of the U.S. $50,000,000 to the special funds of the Bank. The bill authorizes the appropriation without fiscal year limitation of this amount in order to pay for the contribution.

The purposes of the bill are twofold. First, the U.S. would contribute $150 million to the Bank's new Asian Development Fund, a soft-loan operation. The initial $100 million of the U.S. share has already been authorized by the Congress and $50 million appropriated.

Although the United States was a founding member of the Asian Bank, the U.S. until last year never contributed to the Bank's concessional lending resources. But over a period of three years other nations have contributed about $250 million. These funds are mostly

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committed, and the Asian Development Bank will soon run out of funds for concessional lending unless new resources become available. The proposed Asian Development Fund will avoid a cessation of concessional lending operations, and sustain new lending over a planned three year period.

The proposed contributions by all donor countries to the Fund will amount to approximately $525 million. The U.S. share, of $150 million, including the $50 million authorized in H.R. 11666, would amount to 29 percent of the total.

The second purpose of the bill is in regard to U.S. participation in a replenishment of the Bank's ordinary capital. This participation will enable the United States to retain a voting position and influence in the Bank commensurate with the U.S. financial and policy interest in the Bank and in the region. Furthermore, it will provide the Bank with needed additional resources for its nonconcessional or hard loan operations.

Other member countries of the bank have already provided their share of the planned proportionate capital increase for the Bank. The increase in the Bank's capital stock went into effect November 23, 1972, when the required number of other stockholders notified the Bank of their interest to subscribe. Since the U.S. has not yet taken up its share of the capital, the voting strength of the U.S. shares has been reduced from 17 percent to about 8 percent. This share is inadequate if the United States wishes to have an ongoing, effective voice in the Bank.

Need for International Economic Cooperation

During public hearings before the International Finance Subcommittee of your Committee, the Secretary of the Treasury framed his support for ADB in terms of international economic cooperation and presented the following key points, which the Committee feels are especially noteworthy:

> Institutions such as ADB form a part of an international system of cooperation and agreed-upon rules of economic behavior, which we are attempting to improve and strengthen. A new international economic order—based on up-dated rules, international cooperation and a stronger institutional framework—is a basic part of creating a secure structure of peace.
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> International monetary reform, international trade and investment, and improving the quantity and quality of international development assistance are all aspects of the same problem of constructing an endurable system of economic intercourse. Because they are inextricably linked, because we must negotiate in all these fields with the same countries and frequently with the same individuals, what the United States does or does not do in regard to sharing the international responsibility for assisting the developing nations will inevitably have a profound impact on what we are able to accomplish in the remaining fields. The stakes in monetary reform, trade and investment are simply too high for us to do less than is required in the area of development.

Our relations with developing countries are important to the United States economically and politically. The developing countries provided a $14.6 billion market in 1972 for U.S. goods and services. In fact, as a group, they purchase more from us than we do from them.

Perhaps more important, they provide us with one-third of our raw materials imports, and that proportion will only grow in the future. All nations are facing today the problems of inflation. More raw materials and products from the developing countries will help abate that problem. It makes good sense for us to utilize proven vehicles, such as the international development lending institutions, for aiding the growth of nations that are at the same time such important sources and markets for us. Our benefits need not be at the expense of others' losses, for with growth all parties can be better off.

Expropriation Policy

Last year when the Committee considered the legislation authorizing the U.S. contributions to the Third Replenishment of IDA, it expressed its concern with the trend toward increasing expropriation without compensation of American owned property overseas. The Committee added an amendment to the bill to ensure that the United States would vote in the multilateral development lending institutions against lending to countries that expropriate without taking appropriate steps to compensate. The Gonzalez Amendment was adopted by the Congress and now applies to United States votes in all the multilateral development lending institutions.

The Committee held a review with Secretary Shultz during his testimony regarding the United States experience with the Gonzalez Amendment. The Committee welcomes Secretary Shultz' firm position toward expropriation without appropriate compensation of American owned property overseas. The Committee believes that the Gonzalez Amendment has worked well to bring expropriating countries to the bargaining table and to assure just compensation. Moreover, the Committee is of the view that the Gonzalez Amendment provides sufficient flexibility to accomplish its objectives without undermining other U.S. foreign policy objectives.

For example, the Committee recognizes that a "no" vote could be avoided in those rare cases in which a U.S. firm has clearly failed to meet reasonable and legitimate obligations to the host country. Likewise, it is conceivable that a U.S. firm may have no real interest in an expropriated property, in which case no grievance would exist. The Committee expects that any such cases would be extraordinary and understands that the Treasury will consult with it well in advance whenever any such cases arise. The Committee will continue to monitor application of the expropriation policy provided in the Gonzalez Amendment.

Background

The Asian Development Bank was founded in 1966. Its origins lie with the First Ministerial Conference on Asian Economic Cooperation in December 1963 and that Conference's recommendation for the establishment of a bank with a particularly Asian direction and character. The Asian Development Bank is a regional institution expressly established to foster economic growth and cooperation in Asia and the Far East and to contribute to the acceleration of economic development in its recipient member countries. The Bank's continued existence and success represent an outstanding milestone in Asian initiative and economic cooperation during the decade of the 1960's.

Membership in the Bank is open to all members of the United Nations Economic Commission for Asia and the Far East and other regional countries and nonregional developed nations participating in the United Nations or any of its specialized agencies.

The Bank now has 40 members, the most recent admissions being Burma and the Solomon Islands. Twenty-six of the members are regional countries, including the developed nations of Japan, Australia and New Zealand. Fourteen of the members are nonregional countries including the United States and Canada and twelve Western European countries. The decision of the United States to become a member of the Bank was a key factor in assuring major nonregional support for the Bank.

United States membership in the Asian Development Bank was authorized by the Asian Development Bank Act (P.L. 89–369) of March 16, 1966. The Act provides for a United States equity holding of $200 million, or twenty percent of the originally authorized ordinary capital stock. Fifty percent, or $100 million is in the form of callable capital, which provides a guarantee for flotations of Asian Development Bank bonds in the private capital markets of the world.

The callable capital represents a contingent liability of the U.S. Government and would only be drawn down in the unlikely event it were needed to meet bond obligations of the Bank, and then only on a proportional basis with that of other stockholders.

The remaining fifty percent of the original United States ordinary capital share is in the form of paid-in capital. This $100 million in paid-in capital was provided in five equal annual payments from 1966 to 1970. Some $50 million was paid in cash, the remaining $50 million was paid in noninterest bearing letters of credit, some of which have since been encashed.

Total U.S. participation in the various international development lending institutions is shown below:

SHARE OF U.S. CONTRIBUTION TO INTERNATIONAL DEVELOPMENT LENDING INSTITUTIONS

[In millions of U.S. dollars]

Institution	Before current replenishment			After current replenishment [1]			After proposed replenishment [2]		
	Total	United States	United States as percent of total	Total	United States	United States as percent of total	Total	United States	United States as percent of total
International Bank for Reconstruction and Development:									
(1) Paid-in capital	2,520	647	25.7	(3)	(3)	(3)	(3)	(3)	(3)
(2) Callable capital	22,677	5,826	25.7	(3)	(3)	(3)	(3)	(3)	(3)
Bank total	25,197	6,473	25.7	(3)	(3)	(3)	(3)	(3)	(3)
International Finance Corporation: (1) Paid-in-capital	107	35	32.7	(3)	(3)	(3)	(3)	(3)	(3)
International Development Association: (1) Paid-in-capital (subscriptions)	2,838	1,112	39.2	5,226	2,072	39.6	9,727	3,572	36.7
Inter-American Development Bank:									
(1) Paid-in-capital	389	150	38.6	789	300	38.0	(3)	(3)	(3)
(2) Callable capital	2,375	1,024	43.1	3,975	1,697	42.7	(3)	(3)	(3)
(3) Fund for special operations	2,328	1,800	77.1	3,828	2,800	73.1	(3)	(3)	(3)
Bank total	5,091	2,973	58.4	8,592	4,797	55.8	(3)	(3)	(3)
Asian Development Bank:									
(1) Paid-in capital	490	100	20.4	[4] 962	[5] 193	20.1	(3)	(3)	(3)
(2) Callable capital	502	100	19.9	[4] 2,045	[5] 410	20.0	(3)	(3)	(3)
(3) Asian development fund	175			[4] 391	100	25.6	816	150	18.4
Bank total	1,167	200	17.1	3,398	703	21.2			
African Development Bank:									
(1) Paid-in capital	87			(3)	(3)	(3)	87		
(2) Callable capital	127			(3)	(3)	(3)	127		
(3) African Development Fund	93			(3)	(3)	(3)	108	15	13.9
Bank total	307			(3)	(3)	(3)	322	15	4.7

[1] On basis of authorized amounts. Refers to IDA III replenishment; increase in IDB ordinary capital, replenishment of IDB fund for special operations; increase in ADB ordinary capital (which has been implemented by the other donors, but for which U.S. authorizing legislation is now before Congress) and initial contribution to Asian Development Fund.

[2] On basis of authorization requests. Refers to IDA IV replenishment, second portion of contribution to Asian Development Fund, and initial contribution to African Development Fund.

[3] No change.

[4] Translated into 1973 dollars.

[5] Includes $21,000,000 maintenance of value payment on original subscription. U.S. replenishment subscription stated in 1973 dollars.

Note: Table does not include maintenance of value payments, except as footnoted.

Administration Consultation

The Committee notes the improved efforts of the Treasury to consult with it before undertaking new commitments to the multilateral lending agencies, and expects such efforts to continue in the future. The Committee also welcomes the efforts of the Treasury to keep it informed on events of importance affecting U.S. participation in these institutions.

Asian Development Fund

At its Sixth Annual Meeting in April 1973, the Board of Governors adopted a resolution entitled "Establishment of the Asian Development Fund," which laid down the basic principles for a new form of Special Fund and authorized the Bank to make arrangements with potential contributors for mobilizing resources for the Fund. These arrangements were to be modeled on those for the World Bank's affiliate, the International Development Association, and would replace *ad hoc* arrangements under which the ADB had previously received about $250 million in voluntary contributions by other countries to Special Funds. The United States did not contribute to these Special Funds, but a contribution of $100 million was authorized by Congress in 1972.

Subsequent agreement was reached among the Bank's developed member countries, subject to approval of their respective legislatures, on an initial resource mobilization for the Fund of $525 million for the three-year period ending December 31, 1975, of which $150 million would be provided by the U.S.

The proposed mobilization of resources would be in two stages:

(a) Contributions in the first stage would aggregate $350 million. Each member's contribution to this stage would be in an amount equivalent to two-thirds of the total contribution proposed for the member. This contribution could be tied to procurement from the contributor. The proposed U.S. contribution to this stage would be $100 million, taken from the previously authorized U.S. contribution to the Bank's Special Funds.

(b) Contributions in the second stage would aggregate $175 million. Each member's contribution to this stage would be for the remaining one-third of its total contribution and could not be tied. The proposed U.S. contribution to the second stage would be $50 million, the amount contained in H.R. 11666.

The proposal to divide the resource mobilization effort into two stages, the first of which may be tied, was specifically designed to accommodate the position of the U.S., since it would allow the U.S. to contribute the $100 million already authorized by Congress as its contribution to the first stage and require only a $50 million further contribution for the second stage. In this way, the U.S. cumulative share in the ADB's Special Funds (old and new) would be limited to less than 20%.

The proposed arrangements contemplate an initial resource mobilization for the three-year period ending December 31, 1975 of $525 million, to be provided by contributions from the developed country members of the Bank. Within the $525 million total, specific allocations of individual contributions have been proposed as shown in the

following Table. It is recognized that the basis for allocation is primarily pragmatic and not necessarily an appropriate precedent for the future.

PROPOSED CONTRIBUTIONS TO ASIAN DEVELOPMENT FUND

[In U.S. dollars]

	Proposed contribution	Share (percent)
Member:		
Australia	27,000,000	5.1
Austria	4,500,000	.9
Belgium	4,725,000	.9
Canada	10,000,000	1.9
Denmark	4,300,000	.8
Finland	3,800,000	.7
France	27,500,000	5.3
Germany	34,500,000	6.6
Italy	20,000,000	3.8
Japan	177,000,000	33.7
Netherlands	11,125,000	2.1
New Zealand	6,000,000	1.1
Norway	4,000,000	.8
Sweden	6,900,000	1.3
Switzerland	5,400,000	1.0
Switzerland (supplementary contribution)	750,000	.1
United Kingdom	27,500,000	5.3
United States	150,000,000	28.5
Total	525,000,000	

Lending Policies

The ordinary capital operations of the Asian Development Bank constitute the "hard loan window" of the Bank. In contrast to the special funds or "soft loan window," these "hard" resources are provided to recipient countries at a close to commercial market rate which reflects two competing criteria: the needs of recipient countries and the discipline of the private capital market.

The Bank is firmly committed to maintaining a lending rate as low as possible in order to promote the economic and social progress of its developing member countries. At the same time, because it must borrow funds from private capital markets, the Bank is required to build up adequate reserves and to maintain a sound general financial condition.

Taking these two criteria into account, the Bank initially established an ordinary capital lending rate of 6⅞ percent. In June of 1970, that rate was raised to the current level of 7½ percent as a result of a general rise in the world-wide interest rate structure and the related increase in the Bank's cost of capital. Maturities range up to 28 years. As the Bank depends less on governmental contributions and more on private capital markets to replenish its ordinary capital resources, the importance of its reputation as a sound financial institution is heightened.

The Special Funds resources of the Bank are used to finance priority development projects and programs, chiefly in the least developed countries of the region, on concessional terms. Interest charges on loans from the Special Funds have ranged from 1.5 to 3.0 percent per annum, while repayment terms have varied from 12 to 40 years, including grace periods of 3 to 10 years.

Because the amount of Special Funds resources available for commitment in 1973 was insufficient to meet the lending program for the year, the Directors of the Bank in June of 1973 authorized an interim

arrangement whereby Special Funds resources are "blended" with Ordinary Capital resources in such a way as to: (1) maintain the overall concessional terms under which Special Fund projects in individual members were being financed and (2) enable the Bank to proceed with its lending program. Under this arrangement, the individual project would receive two loans, one from each lending window, in order to maintain legal and accounting separation of the funds.

As a result, Special Fund loans are being made on especially soft terms for a limited period. For example, terms in this Special Fund portion might be as low as: interest rate of 1 percent, repayment over 40 years, including grace period of 10 years.

Borrowing Activity

The Bank's primary means of increasing its resources for lending from ordinary capital is to borrow by floating securities in private capital markets. For a relatively young institution, the Bank has moved rapidly to firmly establish itself as a reputable borrower in the world's private capital markets. Its reputation is based on the market's high assessment of its management capability and the merits of its overall loan portfolio. Its authority to borrow is based upon the callable capital subscriptions of its member countries.

The Bank first entered the international capital market in September 1969, when it arranged a bond flotation in the Federal Republic of Germany. Since 1969 the Bank has sold additional bonds in Japan and West Europe. The Bank's total borrowings up to the end of 1972 amounted to the equivalent of $230.5 million and were denominated in eight currencies.

The share of total funded debt raised thus far in the United States is twenty percent. The corresponding figures for Japan and West Europe are respectively forty percent and thirty-one percent. This geographical distribution of the Asian Development Bank's funded debt is similar to the recent borrowings of other multilateral lending institutions.

Lending Programs

In its 7th year of operations, the Asian Development Bank clearly has emerged as an important economic development lender in Asia and the Far East. For some of its recipient member countries it has become the primary source of foreign capital.

As of September 30, 1973, total loan funds committed by the Bank amounted to $1,079 million and involved 127 individual projects in 19 different countries. Of these projects, 82 loans totalling $830 million were financed from ordinary capital resources at near market rates of interest and at maturities of from 10 to 25 years. The remaining $249 million represented 54 loans financed from Special Funds resources at concessional rates of interest. In calendar year 1972, its most recent complete year of operations, the Bank made Ordinary Capital and Special Fund loan commitments of $330 million.

In terms of geography, the Bank has made loans in nineteen of its developing member countries from Afghanistan in Western Asia to Western Samoa in the Pacific. Much of this activity has taken place in countries which have been important to the political and economic foreign policy interests of the United States.

For example, $213 million of Ordinary Capital resources has been lent to Korea; $100 million to the Republic of China; $116 million to the Philippines; and $96 million to Thailand. From Special Funds resources, Indonesia has received $78 million and Pakistan, $18 million. These and other countries whose economic and social progress are making significant contributions to stability in Asia, and to United States interests there, have benefitted from a large proportion of the Bank's resources at a minimal, burden-sharing cost to the United States.

From an economic sector point of view, the Bank's projects have been mainly in electric power (27%), industry and development banks relending to industry (23%), and communications and transport (24%). Agriculture and water supply projects have also been emphasized, and recently the Bank financed two projects for education from its Special Funds resources.

At the end of 1972, the total estimated cost of projects for which the Bank has provided direct financing reached $1,640 million, of which Bank loans accounted for 46 percent. In addition, the Bank had provided indirect financing through intermediate credit institutions for projects with estimated total cost of about $600 million of which the Bank's portion amounted to 27 percent.

Thus far, the Asian Development Bank has provided financing only to cover the foreign exchange costs of its projects. In the great majority of instances, these have been direct foreign exchange costs based on international competitive bidding for procurement of specific goods and services. In a few special cases, the Bank has also financed indirect foreign exchange costs by estimating the foreign exchange component of goods bought off the shelf in the recipient country.

In calendar year 1972, two perceptible trends emerged: greater attention to least-developed member countries and a sharp increase in the commitment level of Special Funds Resources. The loan share of the six least-developed members rose to 17.5 percent as opposed to 7.8 percent in the previous year. Special Funds loan approvals rose from $42.8 million in 1971 to $94.3 million in 1972.

Balance of Payments and Budgetary Impact

The net impact of the international development lending institutions as a group has been favorable to the balance of payments. This favorable inflow has been based on receipts from procurement in the U.S. of goods and services, interest paid to U.S. holders of loan participations and bonds, the administrative expenses of the banks who keep their headquarters in Washington, and investments by the banks in the U.S. While there are undeniably outflows connected with subscriptions and contributions paid in cash, bond sales and loan participations in the U.S., and interest paid on investments in the U.S., the amounts flowing into the U.S. have been larger than the amounts flowing out in all except one of the last eight years.

Participation in the Asian Development Bank ordinary capital operations however does involve a balance-of-payments cost for the U.S. In the past, the percentage of ADB-financed contracts being awarded to U.S. firms has been relatively low. This seems to have been a reflection of a general lack of price competitiveness vis-a-vis Japan and industrial countries of Western Europe. With substantial

currency realignments in relation to both the Japanese yen and the German mark, this situation should improve materially. By aggressively competing for contracts financed by ADB resources, U.S. firms can lay the groundwork for later orders and begin now to repenetrate markets that in recent years have been dominated by other industrial countries. Full participation by the United States in both the Ordinary Capital and Special Funds of the Asian Development Bank is particularly important for this reason.

With regard to U.S. contributions to the special funds of the bank, the original $100 million is, under the terms of the 1972 authorizing legislation and by agreement with the other donors, tied to procurement of U.S. goods and services, ensuring direct benefits to U.S. suppliers and facilitating U.S. entry into key markets in Asia.

With regard to the budgetary impact of this bill, the ordinary capital contribution of $362 million will be paid in three annual installments of about $121 million each beginning in 1974. Eighty percent of the total amount, or $289 million, would be in callable capital. The remaining 20 percent ($72 million) would be in the form of paid-in capital to be made available over the three year period. Of this paid-in portion, 40 percent would be in cash and 60 percent would be in noninterest bearing letters of credit to be drawn down as needed to meet disbursement needs of the Bank.

Hence the United States will pay in only $9.7 million in cash each year for three years. A further $14.5 million annually would be in letters of credit and $97 million a year would be callable or guarantee capital—modest outlays to produce large amounts of new loan resources for the Bank.

It is anticipated that appropriations for the $50 million contribution to the Asian Development Fund will be requested in FY 1976. The funds would be paid in non-interest bearing letters of credit to be drawn down over a period of several years.

Conclusion

Your Committee strongly believes that the United States should contribute to the Special Funds of the Asian Development Bank and should subscribe to additional ordinary capital stock of the Bank.

The United States has made a wise investment in the Asian Development Bank. As an instrument for the economic and social development of its member countries, it is a fully effective concern which supports the basic foreign policy interests of the United States.

Almost eight years after its formal inauguration, the Bank is firmly established as a viable development lender enjoying an excellent reputation in private capital markets of the world. The Bank's contributions to the developing countries in Asia and the Far East are apparent from examination of its lending and technical assistance programs. Its reputation with bond holders is demonstrated by its ability to raise large amounts of funds in all major markets.

With the reduction of tensions in the Asian region, the Bank is well qualified to play an even more important role. Throughout the region, all countries are turning now to confront the crucial problems of their economic growth and development. They regard the Bank, which is an Asian answer to Asian problems, not only as a source of capital, but also as a focal point or forum for consultation and coordination among

themselves and with the developed countries. Regaining its original equity position with the Bank, the United States can continue to play its own role in the region in concert with other nations.

The establishment of the new Asian Development Fund is necessary in order to continue and expand the Bank's concessional lending activities. To date its efforts in this lending area have been small, reflecting its need to first establish itself as a sound financial institution making conventional loans. Its proposed concessional lending program, nevertheless, is moderate—reaching only $250 million in 1975. Without the new Fund, however, it is doubtful that the Bank can continue even its present levels of concessional lending, about $100 million per annum. Its existing resources for this purpose will be exhausted by the end of 1973. Prompt Congressional action to authorize an additional $50 million U.S. contribution is essential to give full effect to the internationally agreed program of financing for the Fund.

The replenishment of the Ordinary Capital resources of the Asian Development Bank was necessary and timely for the continuation of the Bank's conventional lending activity in the region at only moderately increased levels. The other members have now taken up their respective share of the increase and formally brought the agreement into effect. As a result, the U.S. original 16 percent voting strength in the Bank has dropped to 7.6 percent, a level below the threshold for effective representation of United States interests. The original equity position of the U.S. needs to be regained in order to exercise the appropriate degree of influence both within the Bank and within the region. It now has become urgent, therefore, for the United States to take up its appropriate share and to regain the original voting position. Authorization by Congress of the $362 million subscription would permit accomplishment of these important objectives.

Your Committee has long believed that the foreign assistance efforts of the United States should emphasize multilateral lending institutions. The international financial institutions permit a more equitable sharing of development assistance costs, the accumulation of knowledge and expertise on development problems, and considerable flexibility in establishing loan terms and imposing performance standards. The multilateral institutions permit economic development free from claims that particular donors are unduly influencing or restricting the development opportunities of particular countries. Instead they allow the collective judgment and experience of numerous countries and experts to guide the development plans of members. In view of ADB's sound record of achievement, your Committee believes it deserves wholehearted support.

Your Committee feels that contributing to multilateral lending institutions is a necessary and integral part of international economic cooperation. This cooperation is absolutely essential in view of the increasing economic interdependence of the United States and the developing nations. This interdependence is evident in the markets these countries provide for U.S. goods and services and in the raw materials which they supply to the U.S.

U.S. relations with developing countries are important economically. These countries purchase more from us than we do from them, and even more importantly they provide us with one-third of our raw materials imports. Many of the vital raw materials can be obtained only from developing countries.

International economic cooperation involves not only development assistance but international monetary reform and international trade and investment—fields which include the developing countries. Our ability to negotiate in the trade and monetary areas will be strongly influenced by our ability to do our part in international development assistance.

Aiding the growth of nations that are at the same time such important sources and markets for us makes good economic aid political sense. This aid can be well provided through proven institutions, such as the international development banks.

The U.S. must seriously promote international economic cooperation, especially with the developing nations; and ADB urgently needs additional resources. Therefore, your Committee strongly recommends the enactment of H.R. 11666.

Cost of Carrying Out the Bill and the Committee Vote

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the cost incurred in carrying out this bill. The Committee believes that it would be appropriate to authorize the appropriation, without fiscal year limitation, of the amounts necessary for payment by the Secretary of the Treasury of $50,000,000 for the United States share of the Special Funds of the Asian Development Bank and $361,904,726 for the United States share of the increase in the Ordinary Capital of the Asian Development Bank. The Ordinary Capital contribution will require payments of $9.7 million in cash each year for three years beginning in 1974, and provide $14.5 million in letters of credit, plus $97 million in callable capital.

In compliance with clause 27 of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote on the motion to report a bill. The bill was ordered to be reported by a unanimous voice vote.

Section-by-Section Analysis

First section.—Authorizes the United States Governor of the Asian Development Bank to subscribe on behalf of the U.S. for 30,000 additional share of the capital stock of the Bank, and authorizes the appropriation of $361,904,726 in payment for the subscription.

Second section.—Authorizes the U.S. Governor of the Asian Development Bank to agree to contribute on behalf of the U.S. $50,000,000 to the special funds of the Bank, and authorizes the appropriation of the amounts necessary for the contribution.

Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 or Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Asian Development Bank Act

AN ACT

To provide for the participation of the United States in the Asian Development Bank.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Asian Development Bank Act."

* * * * * * *

Sec. 20. (a) The United States Governor of the Bank is authorized to subscribe on behalf of the United States to thirty thousand additional shares of the capital stock of the Bank in accordance with and subject to the terms and conditions of Resolution Numbered 46 adopted by the Banks' Board of Governors on November 30, 1971.

(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated without fiscal year limitation $361,904,726 for payment by the Secretary of the Treasury.

Sec. 21. (a) The United States Governor of the Bank is hereby authorized to agree to contribute on behalf of the United States $50,000,000 to the special funds of the Bank. This contribution shall be made available to the Bank pursuant to the provisions of article 19 of the articles of Agreement of the Bank.

(b) In order to pay for the United States contribution to the special funds, there is hereby authorized to be appropriated without fiscal year limitation $50,000,000 for payment by the Secretary of the Treasury.

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