



PM/85/32

PRIME MINISTER

Prime Minister
Agree these
two Bills?

COP
17/4

Yes mt

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Legislation: Crown Agents and Commonwealth Development
Corporation: Policy Clearance from OD

1. At Cabinet on 28 February, we accepted the recommendations of QL that time should be found in the 1985/86 Legislative Session for two short bills dealing, respectively, with the Crown Agents and the Commonwealth Development Corporation.

2. I am now writing to seek formal approval for the bills' policies following allocation of legislative time. Both bills would be very short and should arouse little interest in the House.

3. On the Crown Agents, I recommended to QL that a Privatisation Bill should be taken in the 1985/86 Session but, in the event, no time was available for it. The Cabinet agreed with QL that it was essential for a short bill to be introduced in that session, to continue my power to waive interest on the Crown Agents' commencing capital debt, if this seems necessary at the time. The existing power expires on 31 December 1986, and the financial forecasts for Crown Agents are such that it could be very difficult for their continued operations if I had to insist on full repayment of interest after that date. The present powers were granted for five years, with the option to renew, subject to parliamentary approval, for a further two years, and I propose that the new legislation should provide for a similar seven-year period.

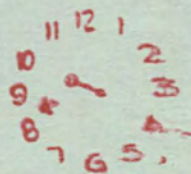


4. On the Commonwealth Development Corporation, the purpose of the legislation would be to enable an overseas subsidiary or subsidiaries of the Corporation to borrow overseas on a commercial basis and invest these funds in any project overseas which the CDC was authorised to undertake. This January's Public Expenditure White Paper allows CDC to borrow up to £15 million in 1985/86 and £10 million in 1986/87 but makes no allowance for such borrowing in 1987/88. I am, however, anxious that CDC should continue to be able to borrow commercially in order to sustain their investment programme. To avoid this qualifying as public expenditure, legislation is needed to enable the Corporation to borrow, through a subsidiary registered abroad, for on-lending anywhere abroad. I propose also to take the opportunity provided by this bill to seek powers to enable grants, as well as loans, to be provided to CDC from the Aid Programme. There is no immediate intention to make use of this power, but it might be useful in the future, to provide greater flexibility in the terms of the finance supplied to CDC by Government.

5. The above proposals have been discussed and agreed with the Treasury. I hope that other colleagues will be able to accept them without the need for a meeting.

6. I am copying this minute to our colleagues on OD, and to Sir Robert Armstrong.

17 APR 1965





SPW

10 DOWNING STREET

From the Private Secretary

18 April 1985

Legislation: Crown Agents and
Commonwealth Development Corporation

The Prime Minister has considered the Foreign Secretary's minute PM/85/32 about the two short bills dealing with the Crown Agents and the Commonwealth Development Corporation.

Subject to the views of colleagues, the Prime Minister is content with what is proposed.

I am copying this letter to the Private Secretaries of members of OD and to Richard Hatfield (Cabinet Office).

C D POWELL

L V Appleyard Esq
Foreign and Commonwealth Office

RW



Treasury Chambers, Parliament Street, SW1P 3AG
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FOREIGN AND COMMONWEALTH SECRETARY

**LEGISLATION: CROWN AGENTS AND COMMONWEALTH DEVELOPMENT CORPORATION:
POLICY CLEARANCE FROM OD**

Thank you for copying to me your minute of 17 April to the Prime Minister.

2. I am content with your proposals for bills dealing with the Crown Agents and the Commonwealth Development Corporation, subject to the following points:

(i) on the Crown Agents, any waiver would, of course, be subject to Treasury agreement year by year;

(ii) on the Commonwealth Development Corporation, I must reserve my position on the use of any power to offer grants as well as loans until the implications for the aid programme and for CDC's own borrowing have been considered.

3. I am copying this to the Prime Minister, other members of OD, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'N.L.'.

N.L.

24 April 1985

PARLIAMENT

leg.

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25 FEB 1985

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