Mr. PECCEI. Yes, sir. Very substantial and long-term credits to any of these countries will in the end result in economic assistance. I think that what we should have for the United States and Europe is a common yardstick, and that we should not compete with each other in extending more favorable terms, either for long-term or short-term credits, to the Soviet Union and Eastern Europe.

Representative WIDNALL. Would 15-year credit terms on a million dollar industrial plant incorporating the latest Western technology constitute a form of assistance not generally available to normal trading partners? I think you know what I have in mind when I am talking about that.

Mr. PECCEI. Yes, sir.

Representative WIDNALL. We have, as you know, the Berne Union, which was a multilateral agreement reached by Western Europe and the United States in 1934. This informal agreement discouraged credit terms beyond, I believe, 5 years. The Berne Union limitations, are they still realistic, or should they be renegotiated?

Mr. PECCEI. The provision for the limit of 5 years in the European agreements has been in fact disregarded by all exporting countries with respect to all the developing nations and also in the case of Eastern Europe. Europeans have extended credits to India, Argentina, Brazil, and others on much longer terms than those. As to Eastern Europe I think we should come to a certain understanding among us that the rule should be for instance, 8, 9, or 10 years, and then stick to the agreed terms. The terms you mentioned a while ago should be considered as a very exceptional case.

Representative WIDNALL. What are the terms?

Mr. PECCEI. Payment will begin after completion of delivery and will take place from 1971 to 1979.

Representative WIDNALL. What interest rate is charged?

Mr. PECCEI. 5.6 percent.

Representative WIDNALL. Is it not a fact that sometimes reckless extension of credit to the East was one of the prime sources of trouble for the Krupp industries in West Germany?

Mr. PECCEI. Would you repeat that?

Representative WIDNALL. Is it not a fact that reckless extension of credit to Eastern Europe was one of the prime sources of trouble for Krupp Industries in Western Germany?

Mr. PECCEI. I am not sure of that, because I think the credit extended was not in very big amounts. I think in the case of Krupp the trouble had something to do with management.

Representative WIDNALL. I don't have the figures here, but I thought it was quite sizable. With regard to the proposed Fiat deal with the U.S.S.R. have any orders for machine tools been placed with U.S. firms yet?

Mr. PECCEI. To my knowledge no, because the necessary credit arrangements have not yet been approved. If they will eventually be approved, there is a long list of machines which will be ordered by the Soviet Union on the recommendation of our technical people.

Representative WIDNALL. Would Export-Import Bank participa-