Senator NELSON. In dollars?

Mr. DWINELL. In dollars. These are all dollar loans, Mr. Chairman.

Senator NELSON. We do not send any dollars over?

Mr. DWINELL. No.

Senator NELSON. The subsidiary in the foreign country transfers local currency which they have to the receiving country's bank. This constitutes a loan and must be paid back in the equivalent of dollars; is that right?

Mr. DWINELL. The country with whom we make the loan agreement, undertakes as a condition of that loan to repay us in dollars at some future time.

Senator NELSON. One hundred percent repayment?

Mr. DWINELL. Yes. We do not make loans which are repayable to us under the commercial import program in local currencies; they are repaid to us in dollars.

Senator NELSON. At what interest rate?

Mr. DWINELL. That depends on the terms of individual loans. Every loan actually is negotiated separately with the different countries and different loans with the same country, and the terms would vary.

Senator NELSON. What is the usual period of time over which the loan extends?

Mr. DWINELL. The typical one at this point might be a loan at 3.5 percent interest for 30 or 40 years. They are long-term, low-interest loans, but they are dollar loans.

Senator NELSON. For 30 or 40 years. Under the terms of the loan, does the receiving country pay back principal and interest annually?

Mr. DWINELL After a grace period.

Senator NELSON. How long is the grace period?

Mr. DWINELL. It is a few years, sometimes as long as 10 years.

Senator NELSON. How long has this particular loan program been in effect? This specific aspect of the program?

Mr. DWINELL. We have had, as I understand it, the commodity import programs going back to Marshall plan days. But I refer to the history of AID in its present form, which goes back to 1961, the Foreign Assistance Act of 1961. Loans made for the commodity import program since then have been dollar repayable.

Senator NELSON. Do I understand that normally interest is paid annually, or is there a grace period on interest, too?

Mr. DWINELL. There is a short grace period on interest and then it is paid annually.

Senator NELSON. And the interest is paid in American dollars?

Mr. DWINELL. In dollars.

Senator NELSON. Are there any countries that default on their interest, or are behind?

Mr. DWINELL. I am informed that the United Arab Republic has been in default on some loans, both as to principal and interest, and there have been possibly a few delinquencies. But the record which we can submit for the record has been exceptionally good.

Senator NELSON. How many countries are involved in this kind of a loan program?

Mr. DWINELL. Of course, the number of countries has varied over the years, but at the present time there are approximately 12 countries.