The proposed new law would authorize the Bank to facilitate, through loans, guarantees, and insurance, certain export transactions which, in the judgment of the Board of Directors of the Bank, do not meet the test of reasonable assurance of repayment as provided in section 2(b) (1) of the Export-Import Bank Act of 1945, as amended, but which in the judgment of the Board nevertheless deserve support for the reasons to which I have just referred. The loans, guarantees, and insurance authorized under this authority would be specially designated on the books of the Bank. For purposes of calculating charges against our statutory lending authority, the full amount of loans, and 25 percent of Eximbank's contractual liability under guarantees and insurance, would be taken into account, as is the case with our regular programs. The total of such charges attributable to the new program may not exceed $500 million at any one time. Thus, if all the authorizations under the new program were in the form of guarantees and insurance, the Bank theoretically could have outstanding as much as $2 billion in gross commitments of this type. However, since some portion of the $500 million will probably be used for loans, which are chargeable at 100 percent, I do not anticipate that we shall in fact approach the larger figure.

The bill provides that, if loans should go into default or the Bank should have to reimburse the holders of its guarantees or insurance, the resulting losses would be borne by the Bank—that is, charged off against its reserves—up to an aggregate amount of $100 million. Losses which exceed that figure would be borne by the Treasury. The bill authorizes to be appropriated to the Treasury, without fiscal year limitation, such amounts as may be required to cover losses in excess of the $100 million figure. Implicit in the bill is the understanding that the day-to-day financing requirements of the program will be funded out of the bank's normal resources.

In his letter transmitting the bill to Congress the President stated that, "to achieve the greatest benefit from this export financing plan, I will establish an Export Expansion Advisory Committee, chaired by the Secretary of Commerce, to provide guidance to the Board of Directors of the Export-Import Bank." The Board of the Bank has every intention of using the services of this committee to the fullest extent. We shall seek its advice not merely for policy guidance but for specific recommendations in individual cases where that seems appropriate. I would expect the Board to follow the recommendations of the committee except in rare instances.

As for the mechanics of administering the new facility, all of the processing of applications would be done by Eximbank. I would expect some of these to be applications to include some which are believed to be appropriate for export credit support under our existing programs but which the Bank, absent the new authority, would feel obliged to deny because they do not meet our existing standards. Other applications will no doubt be submitted by exporters, commercial banks, and foreign borrowers with the new program specifically in mind. In either case, we would study the application with a view to determining whether it is the kind of transaction we would support under one of our regular direct loan, guarantee, or insurance programs, applying the criteria now in force for those programs. It we