find we can do the business under these traditional criteria we shall, of course, do so.

If, however, in applying the Bank's established interpretation of "reasonable assurance of repayment," we find that the risks involved are greater than we believe we should undertake, the transaction will then be looked at in the light of this new authority. The essential considerations at this point will be: What reasonably near-term benefits to the balance of payments can we hope for from this sale? Even if such benefits are marginal, does the sale carry with it significant potential for follow-on orders, for market penetration, or for other long-term benefits to our ongoing commercial interests? And, ultimately, is the prospect of repayment adequate, even though it does not amount to "reasonable assurance," to justify Eximbank support? On this last point, I can assure you that Eximbank is well aware that it is only repayments of principal and interest on export credits, and not the credit sales as such, that will help our balance of payments. Consequently we shall certainly not approve every application which comes our way. Eximbank has never been a soft-loan agency. Neither the administration nor the managment of the Bank intends that this facility should make it one.

I am sure the committee will have gathered from what I have said that what is proposed is in no sense a form of, or substitute for, foreign aid. Its purpose is to give further support to our commercial export trade. The hallmarks of foreign aid are long terms and low interest rates. These will not be used in this export expansion program. Eximbank's usual repayment terms and standard interest rate will apply. By "usual repayment terms" I mean the terms customary in international trade for the goods being sold, unless it is demonstrated that longer terms are necessary to match offers of Government-supported credit being extended by our foreign competitors for a particular piece of business. By "standard interest rate" I mean, today, 6 percent for a direct loan to a foreign borrower.

In the case of loans guaranteed or insured by us, our standard fees and premiums will be paid. The interest rate on such loans will be determined by the private commercial bank which provides the funds, or by the exporter himself when he requires no financing.

Generally speaking, we shall expect the normal cash payment and exporter participation in transactions for which these would be required under our regular programs. Most of the authorizations, I would hope, will be for short- and medium-term transactions—that is, on terms providing for repayment over a period generally not exceeding 5 years, although for certain types of equipment normal international terms do extend to 7 years and even longer. And most transactions would be financed by U.S. commercial banks under Eximbank's guarantee, or by the exporter himself under an insurance policy provided by the Foreign Credit Insurance Association in conjunction with Eximbank.

Why do we stress adherence to our normal terms? The reason is twofold. First, we have no desire to stretch out over time the balance-of-payments receipts under these sales. Second, we could expect to gain little advantage over our competitors if we were to do so. We can be sure they will lengthen their terms to match whatever terms we offer.