The members of this distinguished committee know full well the gravity of our present balance-of-payments position, and there is little I can add to what has already been said in this regard. In brief, our persistent deficits have given rise to doubts abroad as to our ability to restore a balance in our external accounts. One immediate and very serious consequence has been an increasing reluctance by foreigners to hold U.S. dollars, and a consequent and substantial drain on our gold reserves.

The recent partial demonetization of gold in mid-March and the agreement by the world's major international bankers to move ahead with the special drawing rights system are important steps affecting the working of our international financial machinery. However, these measures in no way lessen the urgency of our taking the actions necessary to improve our trade balance and restore our international payments equilibrium. This will not be an easy task: our trade account for March showed an excess of imports over exports. While there are some nonrecurring factors reflected in the March figures—the dock strike, anticipatory steel buying, and inflated copper purchases abroad—our basic trade account remains far from healthy.

The comprehensive balance of payments program announced by the President on January 1 was designed, in combination with appropriate measures in the domestic economic field, to help turn around our balance-of-payments position. While certain restraints on the short-term outflow of dollars were imposed under the program, it also includes a number of long-term positive measures, several of which are designed to stimulate exports.

As part of this long-term effort, the Commerce Department plans—subject to congressional appropriations—to initiate a new joint export association program intended to assist small and medium-size American business firms to develop foreign markets. We also plan to expand and improve our present export promotional activities—trade missions, trade shows, trade fairs, and trade centers—all within the framework of a new 5-year export development program.

A key element of the President's program is the proposal embodied in H.R. 16162. While we do not pretend that the proposed special account will solve all of our problems, it will help to fill a gap in present export financing. Moreover, it promises to show balance-of-payments benefits in the near term. I might note that the United Kingdom and Canada have had analogous special financing facilities for some years; and exporters in other industrialized countries with which American firms must compete for markets also enjoy a variety of special arrangements to facilitate their exports.

We envisage that the special account will increase commercial sales abroad by providing coverage for exports now being lost to foreign competitors, either for lack of financing by commercial banks or because the transactions do not meet Eximbank's statutory test of "reasonable assurance of repayment." This is not to say that the special account would finance questionable export transactions. On the contrary, for U.S. balance-of-payments and commercial interests to be served as required by H.R. 16162, there would have to be a clear expectation of payment for all exports financed by the account.

The types of export transactions that are not now considered appropriate for the Eximbank but might be eligible for special account fi-