

nancing because of balance-of-payments and commercial considerations would include:

Cases where the Eximbank, because of previous financial commitments, is not able to undertake new financial commitments even though the markets involved may be promising;

Cases where a new buyer's financial strength is not yet clearly established, yet the potential buyer looks like it could become an important customer for U.S. exporters;

Cases of newly emerging markets in countries where commercial transactions are of growing importance but where risks are still present, perhaps because of debt-servicing obligations.

We expect that the special account would foster maximum use of private financing and commercial channels of export credit through wide use of guarantees and insurance of private commercial export financing. Direct credits would, of course, also be made under the proposed special account. Transactions would originate with private exporters and commercial banks, so that the new facility would serve, first and foremost, our commercial objectives. Moreover, repayment terms, interest rates, downpayments, and supplier participation would generally be the same as in Eximbank's regular programs, which would also insure that noncommercial objectives did not intervene in the operation of the new account. In exceptional cases, where foreign competition or other commercial factors so warranted, variations in the terms provided would obviously be considered. Even in those instances, however, terms would remain essentially commercial and would in no way resemble the terms and conditions associated with foreign aid.

The Commerce Department urges favorable consideration for H.R. 16162 with the knowledge that we are dealing with an export expansion instrument which has been the subject of considerable careful thought and examination over the past several years by a wide range of experts in the banking and business communities and in Government. The Bankers' Association for Foreign Trade, which represents virtually all banks active in foreign trade financing, endorsed the specific proposal now before the committee at its meeting in April. The National Export Expansion Council, representing some 1,400 business leaders throughout the country, also supported the creation of such a fund at its February plenary meeting. A special fund to provide export financing under broader balance-of-payments considerations was a key recommendation of the National Export Expansion Council's Action Committee on Export Financing in 1966. A bill to create a facility very similar to the one proposed in H.R. 16162 was also introduced in the House as part of a proposed Export Expansion Act of 1965. As far back as 1964, when I had the job Mr. Feer now holds, I headed an interdepartmental committee which reviewed this idea.

In his message transmitting this bill, the President stated that he would "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." I might therefore make a few remarks on how we envisage that the Advisory Committee would work.

In the majority of cases, we would expect that applications for guarantees, insurance, and direct credits would be examined and processed by Eximbank personnel, developed into formal proposals with