

all necessary background information, and considered by the Eximbank Board in the same manner as applications are now handled. Applications that in the judgment of the Board of Directors do not meet Eximbank standards and policies as to "reasonable assurance of repayment" would then be referred to the Advisory Committee.

In other cases, where a preliminary review indicated that regular Eximbank financing might be unavailable, such transactions should also be subject to review by the Export Expansion Advisory Committee for possible financing under the new account. In all cases, the Committee would seek to assure that the use of the new account would result in genuinely additional exports of benefit to the U.S. balance of payments and to our long-term commercial interest.

We believe the Advisory Committee should also render guidance to the Eximbank on the use of the new facility in a somewhat broader perspective—for example, in connection with the general types and overall amounts of loans and guarantees in specified markets where, for commercial and balance-of-payments reasons, it might be desirable to encourage added U.S. export efforts.

Finally, I might add that, in order to assure consistency and policy coordination with the financial activities of other executive branch agencies, the guarantees, insurance, and credits extended from the earmarked account would be subject to review by the National Advisory Council on International Monetary and Financial Policies, which coordinates all of the Government's overseas lending activities.

Thank you for this opportunity to present the Commerce Department's views on the bill now before the committee. I shall be pleased to try to answer any questions that you might wish to ask.

Chairman PATMAN. Thank you, sir. Now, John R. Petty, Acting Assistant Secretary of the Treasury for International Affairs.

STATEMENT OF JOHN R. PETTY, ACTING ASSISTANT SECRETARY OF THE TREASURY FOR INTERNATIONAL AFFAIRS

Mr. PETTY. Thank you, Mr. Chairman.

I am happy to appear before this committee in support of H.R. 16162. I would like to emphasize the importance of the proposed export expansion facility in the framework of our comprehensive program to restore equilibrium in our balance-of-payments accounts.

President Johnson said that the need for action to eliminate the balance-of-payments deficit is "a national and international responsibility of the highest priority." The reasons for this priority are abundantly clear. The strength of the dollar abroad depends on our payments position. The international monetary system which rests so largely on the dollar will be greatly strengthened by elimination of the U.S. payments deficit. A stable international monetary system is essential to assure expanding world trade, and a prosperous international economy.

On January 1 of this year, the President proposed a comprehensive balance-of-payments program designed to bring our balance-of-payments position close to equilibrium in the year ahead. The program is broad and comprehensive. It requires additional savings in many phases of our activities abroad. It affects Government expenditures overseas, foreign loans and investments, foreign travel and foreign trade.