

For example, we would not give more than, let us say, 5 years on heavy trucks. We would not give more than, let us say, 3 years on automobiles and so on. There are standard accepted criteria in international trade.

As you know, a very large percentage of such trade is done on 90- to 180-day terms, much of it under insurance supplied by us.

Chairman PATMAN. Mr. Linder, under the Foreign Credit Insurance Association program whereby Eximbank will assist in effect as a reinsurer, 60 private insurance companies are offering both commercial credit and political risk insurance, Eximbank has consistently lost money. Is there any consideration given to increasing the premium rate on this insurance so that Eximbank at least breaks even?

Mr. LINDER. As a matter of fact, Mr. Chairman, we are not certain that we have lost money, and if we have, it is negligible in relation to the total amount of our net income.

The reason I cannot be more precise is that until the final losses are determined for guarantee contracts and insurance policies issued in past years which are still outstanding, one does not know what the amount of the loss will be.

Now, the insurance companies, according to good insurance accounting practice, set up certain reserves and those reserves are held until the whole of the policy year is liquidated.

So we think that we have an equitable interest in some of those reserves.

I would guess that we have not lost money, when all things are considered, although we have not made a great deal. This is as it should be since it is obviously not the purpose of this operation to make a great deal of money.

The loss record will never be completely unraveled unless you liquidate. But we will begin to get recoveries from some of these reserves within the next couple of years which should more than offset any apparent loss that we have.

Chairman PATMAN. Now, I have two other questions which I will read and I ask you, Mr. Linder, and one for Mr. McQuade, and you can answer them in the record because my time is up and I want to yield to the other members.

(Two questions read by Chairman Patman and submitted in writing to the witness follow:)

Chairman PATMAN. Mr. McQuade, can you provide for the record our U.S. export trade figures over the past decade by quarters? What has been the trend recently. Is it not true that we have consistently had a surplus in our trade over the years, but in recent years the surplus has been diminishing?

Answer. It is true that U.S. trade has been in surplus for many years, although there have in the past been occasional months (such as March 1968) when imports exceeded exports in value. The average annual surplus in the first half of the decade (using official Bureau of the Census data, as shown in the attached table of U.S. trade by quarters) was \$5.4 billion. Our trade surplus in 1966 diminished to \$3.8 billion, then strengthened a little to \$4.1 billion last year. In the first quarter of this year it declined sharply to \$731 million at a seasonally adjusted annual rate.