

UNITED STATES OF AMERICA

INSTITUTIONAL FRAMEWORK

403. In the United States, suppliers of capital goods finance their medium-term export credits (credits of between one and five years) with the commercial banks, and to a limited extent by a number of commercial financing companies and factoring firms. The commercial banks generally carry out their export financing activities through separate international departments or, in a few cases, through subsidiaries set up under the Edge Act of 24 December 1919 to perform investment or banking functions abroad which the parent banks are prohibited by law from performing, or do not choose to perform. If they are unable to obtain financing from the commercial banks or other private sources, suppliers may, in exceptional cases, finance their medium-term export credits with the Export-Import Bank of Washington (Eximbank). Since September 1966, Eximbank has introduced a "discounting programme" under which it stands ready to grant commercial banks (a) "one-year current export loans" up to one-half of their outstanding medium-term export loans and (b) "net increase loans" up to one-half of the increase in their total export credit financing, including short-term lending.

404. As regards long-term export credits, in some cases suppliers can obtain financing from the commercial banks for periods of up to twelve years, but in practice the bulk of long-term export transactions carried out on a credit basis is financed through the long-term project and equipment loans granted by the Export-Import Bank of Washington and the aid credits provided by the Agency for International Development (AID).

405. The Export-Import Bank of Washington is the most important source of financing for United States exports and the key institution in the United States export financing system. It is a government agency established by the Executive Order of 2 February 1934, under the authority of the National Industrial Recovery Act. The 1945 Export-Import Bank Act, as amended, stipulates that the:

"objects and purposes of the bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof".

406. Eximbank's present scope of activities and form of organization date from this latter Act, under which it became an independent federal government agency, administered by a five-man Board of Directors, appointed by the President of the United States with the approval of the Senate. The Board of Directors appoints a nine-member Advisory Committee representing the main sectors of the national economy, namely, production, commerce, finance, agriculture and labour, which is required to meet at least once a year to advise on the Bank's programme. The financial policies of Eximbank, like those of the Agency for International Development, are co-ordinated by the National Advisory Council on International Monetary and Financial Problems.

407. Eximbank has a capital of \$1,000 million, entirely subscribed by the United States Government. It obtains additional resources by borrowing from the Treasury, within a current over-all borrowing ceiling of \$6,000 million. Additional resources are available in the form of undistributed income accumulated as a reserve available for contingencies.

408. Eximbank may free resources for additional loans by selling (a) participation certificates in individual credits, with recourse against the Bank, or (b) participation certificates in portions of specific loans on a non-recourse basis. This programme of sales of portfolio loans was introduced during the 1961/62 fiscal year, with the object of encouraging participation by commercial banks in Eximbank loans. Participation certificates were offered to institutions active in Eximbank's export assistance programme, and buyers were in turn permitted to offer subparticipation to their correspondents. Sales of participation certificates guaranteed by Eximbank amounted to \$300 million during the 1961/62 fiscal year, \$250 million during the 1962/63 fiscal year, \$372.5 million during the 1963/64 fiscal year and \$486.4 million during the 1964/65 fiscal year. Eximbank was also able to sell, on a non-recourse basis, participation certificates in portions of specific loans to an amount of \$39.8 million during the 1961/62 fiscal