national under the *Loi de finances rectificative pour 1960*, thus enabling the Banque française du commerce extèrieur to grant portions of buyers' credits exceeding five years.

175. In principle buyers' credits are granted only for sums of at least F fr 25 million and must involve transactions carried out within the framework of a single commercial contract or a group of contracts concluded by a single foreign buyer with French firms for the execution of a specific programme. The credit maturities involved must be of eight years and more. Buyers' credits are granted preferably for transactions with developing countries. However, franc area countries are in principle not eligible for such credits, since they are accorded long-term financing facilities by the Caisse centrale de coopération économique and the Fonds d'aide et de coopération: in view of the special situation of Algeria, Morocco and Tunisia, requests from these countries may be given special consideration.

176. The credit contract is concluded by the foreign buyer with the BFCE and one or more French banks acting on their own behalf or on behalf of a banking consortium. The opening of the credit involves two simultaneous operations: a loan from the commercial banks with a maximum maturity of five years, and a loan from the BFCE for the portion of the credit exceeding five years. Both the BFCE and the banks can insure the loans they grant with the COFACE. The loan granted by the commercial banks may be refinanced by the Crédit national which will, in turn, refinance it with the Banque de France. The interest rate for buyers' credits is approximately 5.7 per cent.

EXPORT CREDIT INSURANCE

177. The French export credit insurance scheme is operated by the Compagnie française d'assurance pour le commerce extérieur, a joint-stock company established at the same time as the Banque française du commerce extérieur by the decree of 1 June 1946, which began operations on 1 May 1948. The purpose of COFACE is to administer the government export credit insurance scheme on behalf of the State and to guarantee export and import transactions and in general all transactions relating to foreign trade. The COFACE has in fact a dual nature: as a private company, it insures commercial risks incurred in respect of short-term export credit transactions, and as a parastatal company, it administers a public service under government supervision, guaranteeing for account of the Government non-commerical risks for all export credit transactions and commercial risks for medium-term and long-term export credit transactions.

178. Its present capital of F fr 2.5 million is owned by a number of Government-owned or Government-controlled corporations—the Crédit national, the Caisse des dépôts et consignations, the Banque française du commerce extérieur, the three main nationalized *banques de dépôt* and twenty-one nationalized insurance companies—and a private company, the Société française d'assurance pour favoriser le crédit. According to the decree of 1 June 1946, the latter company may not hold more than 30 per cent of the COFACE's capital.

179. The COFACE is administered by a Board of Directors consisting of fifteen members, five of whom are chosen from among persons having wide foreign trade experiecne, five from among persons possessing wide banking and insurance experience and five being chosen at the suggestion of the most representative trade unions. There are also two *commissaires du Gouvernement* (government commissioners), who may veto any decision taken by the Board of Directors. The latter is responsible only for the internal administration of the company and the activities it carries out for its own account, which represent approximately one-fifth of its total activities.

180. Insurance transactions carried out on behalf of the Government must be approved by the Commission des garanties et du crédit au commerce extérieur, a fifteen-member interministerial committee, presided over by the Director of Foreign Economic Relations of the Ministry of Finance and Economic Affairs, whose members include representatives of the Department of Foreign Economic Relations of the Ministry of Finance and Economic Affairs, the Trésor, the Banque de France, the Crédit national, the Ministry of Foreign Affairs and the technical ministries. However, before being examined by the Commission des garanties et du crédit au commerce extérieur, long-term export credit tran-