

must not exceed the total of its capital and reserve fund plus its maximum liability limit.

242. The Bank grants most of its loans in the form of financing for export credits granted by Japanese firms. However, it is also authorized to make investment loans to Japanese firms desiring to:

Purchase equipment for establishing overseas ventures;

Make capital contributions to, acquire shares of, or lease equipment to foreign corporations;

Invest in Japanese corporations established for the purpose of implementing investment projects abroad;

Lend funds to foreign partners for the purpose of contributing to joint Japanese-foreign ventures.

243. Lastly, in addition to making some import loans to Japanese firms, the Bank is authorized to make loans to foreign governments and public agencies:

To promote imports from Japan which individual foreign firms would be unable to handle;

To enable them to contribute capital to, or acquire stocks in, joint ventures with Japanese firms;

To enable them to finance the installation or expansion of plants needed for their economic development.

244. According to the Export-Import Bank of Japan Act, the Bank should not "compete with commercial banks and other financial institutions in financing exports, imports and foreign investments". Consequently, it does not, as a rule, lend funds for less than six months or for transactions for which private financing is available, and generally provides financing in co-operation with private financial institutions.

FINANCING PROCEDURES

245. As noted in the foregoing section, export credits for the acquisition of Japanese capital goods are financed jointly by the commercial banks and the Export-Import Bank of Japan. The latter finances up to 70 per cent of the value of the contract minus down payment and profits if the credit is of between six months and one year, and 80 per cent if the credit exceeds one year.

TABLE 44.—EXPORT-IMPORT BANK OF JAPAN: DISTRIBUTION OF CREDITS, BY TYPE OF TRANSACTION

[Millions of yen]

Transaction	1959-60	1960-61	1961-62	1962-63	1963-64
Exports.....	75,300	91,100	98,600	139,500	184,300
Vessels.....	39,500	42,200	50,400	78,400	115,600
Vehicles and rolling stock.....	6,700	9,200	15,800	6,600	7,800
Electrical machinery.....	5,000	7,600	6,700	3,000	7,600
Telecommunication machinery.....	600	300	2,500	1,400	400
Textile machinery.....	4,800	6,400	5,000	9,000	10,500
Steel products.....	2,700	3,900	2,300	4,000	4,000
Other industrial machinery.....	15,900	21,500	15,600	19,600	21,500
Consumer durables.....			300	1,600	800
Yen loans ¹	(9,700)	(6,000)	(6,300)	16,000	16,200
Technical services.....				100	1,000
Imports.....	400	1,300	1,400	900	200
Investments.....	8,700	11,200	8,600	7,800	12,500
Total.....	84,500	103,600	108,600	148,400	197,900
Credits outstanding at the end of year.....	140,400	198,600	261,000	342,600	443,500

¹ Yen loans to foreign countries to finance imports from Japan. Sums in parentheses for 1959-60-1961-62 are already included in other subitems.

246. The exporter discusses with his commercial bank the terms and conditions he intends to offer to the buyer, in order to ensure that they will be acceptable to the Export-Import Bank and the Export Insurance Section of the Ministry of International Trade and Industry (MITI). The buyer is asked to make a down payment of about 20 per cent of the value of the contract and to obtain a repayment guarantee for the remainder from a reliable bank in his own country. The commercial bank forwards to the Export-Import Bank the draft financial contract between the exporter and his customer, requesting