

a promise of financing. The exporter will simultaneously seek an insurance commitment from MITI. When preliminary approval has been obtained from both the Export-Import Bank and MITI (a process which usually takes about two weeks), the exporter will finalize his negotiations with his bank and the buyer.

247. Transactions which are eligible for financing by the Export-Import Bank include those involving equipment and parts and accessories thereof, other goods manufactured or produced in Japan and technical services supplied by Japan. Maximum maturities of credits for which financing is requested should not in principle exceed five years, but in recent years this limit has proved to be fairly flexible. The interest rate charged by the Export-Import Bank varies from 4 to 7 per cent, depending on the purpose and maturity of the credit and the collateral offered. Commercial banks usually charge rates of between 8.5 and 9 per cent on the portion of the credit which they finance.

EXPORT CREDIT INSURANCE

248. The Japanese export credit insurance scheme is operated by the Export Insurance Section of the Ministry of International Trade and Industry. The latter is advised on all important matters relating to export credit insurance by the Export Insurance Council, which is composed of the Minister of International Trade and Industry and eleven other members appointed by the Minister from among the personnel of government agencies dealing with foreign trade, finance and insurance and from among experts in these fields.

249. All insurance premiums are credited to and all losses are debited from the Export Insurance Special Account established and financed by the Treasury under the Export Insurance Special Account Act, which came into effect on 31 March 1950. This Act authorizes the Account to make temporary borrowings and to issue finance bills up to a ceiling specified by the Parliament, which also determines annually the over-all insurance ceilings.