

Mr. ASHLEY. Mr. McQuade, in your statement, on page 3, you say :

The types of export transactions that are not now considered appropriate for the Eximbank but might be eligible for special account financing because of balance of payments and commercial considerations would include cases where the Eximbank, because of previous financial commitments, is not able to undertake new financial commitments even though the markets involved may be promising.

When Mr. Linder appeared before us some months ago, he indicated that the Bank would probably use up the increase in authority from \$9 to \$13.5 billion even before the 5-year extension of authority elapsed for loans extended under the traditional lower risk criterion.

What kind of pressure does this put on the resources of the Eximbank if this bill is adopted?

I am referring specifically to the phrase you used, "because of previous financial commitments."

Mr. McQUADE. I believe I may have used this phrase inelegantly. What I have in mind is what I think Mr. Linder was explaining very clearly; that commitments in a given country might reach a level at which in the normal course the Eximbank would not like to have greater exposure and would, therefore, be reluctant to add new commitments.

Mr. ASHLEY. We do face the problem, of course, from Mr. Linder's previous testimony, that under the present criterion, the additional input; namely, \$4.5 billion, would be expended prior to the 5-year extension of authority.

I am wondering then just what impact this will have, because my time is limited, let me simply say that I will await an answer on that. That is easy to supply for the record.

(The answers to Mr. Ashley's question follows.)

The \$500 million requested for the new program, while not insubstantial, represents only one-ninth of the \$4.5 billion of increased authority recently approved by the Congress. Or, looked at from another viewpoint, the \$500 million represents approximately six months activity if the \$4.5 billion is spread over the additional five years of life authorized in the same bill. As I emphasized during your consideration of H.R. 6649, the nature of the Bank's operations do not permit us to program our loans nor to predict with great certainty the rate at which we will expend our lending authority. About all I can say is that setting aside \$500 million for the new facility will probably require us to come back to Congress for additional authority somewhat sooner than would otherwise be the case.

Mr. ASHLEY. I share Mr. Reuss' concern. When we look at the legislation that is proposed, it most certainly saddles on the Congress the responsibility for changing the Bank's criterion.

What the bill says is that the Bank shall be authorized to enter into credit transactions which do not meet the test of reasonable assurance of repayment, as provided in section 2(b)(1) of the Export-Import Act. This is what you seek to fasten to us.

I look at section 2(b)(1) and I read it, as follows :

It is the policy of the Congress that the Bank in exercise of its function should supplement and encourage and not compete with private capital, and that loans so far as possible be consistent with carrying out the purposes of subsection (a) shall generally be for specific purposes and in the judgment of the Board of Directors offer reasonable assurance of repayments.