

The bill we are discussing today addresses itself primarily to the degree of risk the Bank may assume in making loans or guarantees. I do not wish to detract from this most worthwhile objective, but the ability to meet competition as to terms is as important as resolving the problems of transactions which do not meet the test of reasonable assurance of repayment. Special terms are frequently required if U.S. companies are to make the sale. Sometimes longer terms are a question of the optimum use of equity capital in a growth situation and not a question of credit standing.

Earlier I mentioned that terms are being offered by competitors which are more liberal than the generally accepted practices of the Bank. For example, under normal practice, the extension of credit for the purchase of turboprop aircraft for 8 years might be considered prudent and fair. As a matter of fact, there has been such an agreement between several countries. However, certain of these competitors have offered credit on a 10-year basis for a similar product, with little or no downpayment. Other competitors have agreed to match this offer. The United States must meet the terms or lose the sale, granting that it is the natural tendency of the customer to play one manufacturer against another to gain the most favorable credit package.

I believe that the United States should take the position and have it understood throughout the world that we are prepared to meet the competition. It would allow the U.S. exporter to act rather than react since he would know that, within reason, his product could be financed on equal terms. Such a statement of policy might well clear the air and our competitors, in their own self-interest, compelled to fall back to reasonable and agreed upon terms and conditions.

If this plan for the expansion of exports is to be achieved, the latitude of the Bank should not be restricted by the wording of the bill or the legislative history. Rather, the Bank should be encouraged to meet special situations as they arise. Further, its work should not be unduly complicated by the operation of the Advisory Committee.

Here again I think the recommendation of Mr. Foy at this point should be seriously considered.

In my opinion, the amount authorized by the bill is not excessive. However, it does seem adequate to get the program underway and test the intent of the legislation. If we are to improve the export position of the United States, we have no alternative but to face the hard facts of international competition and take positive steps to improve the situation. H.R. 16162 may not be the complete answer, but it is a step which, I believe, should be taken.

Thank you, sir.

Chairman PATMAN. Thank you. Do you know of any particular project that was lost because the Export-Import Bank under present authority and loan criteria could not service it, and if this law had been passed it could have been saved, Mr. Foy?

Mr. Foy. Mr. Chairman, I have to say to the committee, I do not personally know of any such situation. I know of a number of situations that are pending which involve substantial export sales, which would require the Bank to make changes in its present policy, which changes, I believe, would be made readily as a result of conferences between the Advisory Group and the Bank, which might not be made by the Bank alone.