

whole Amazonian area. It is an example of what can happen when we do meet the world competition in financing terms.

Mr. WIDNALL. Could you make any further comment about the terms under which the British and Japanese are now making their sales as to top length of term, possible postponement of the payment of the principal, and the interest rates?

Mr. McNEIL. For the most part, the question is one of term. But the interest rate does affect the sale, of course.

I think this is a problem we have throughout the world, whether it is a military matter or a business matter. If the world knows we will meet the competition, granted we want to stay on a sound, prudent basis, but if the world knows we will meet it, I think we have a chance to force them back into a position where they will also offer credit on prudent terms.

May I give an example? I think that if the Japanese and the British knew we would meet their terms on this 10-year credit at 6 percent, or some reasonable percentage, I think they would probably live up to their agreement with the Export-Import Bank which is on an 8-year basis.

Now, normally we would be satisfied with 8 years. I think that makes a prudent loan and when you pay it off you still have some residual value in the equipment when the loan has matured. The British, however, in a recent instance took the position that we agree on 8 years unless we find the competition has offered more. The Japanese offered more, so immediately Britain offered 10 years in this instance.

I think we almost have to take the position that if we are going to be in international competition, that we must meet the competition.

Now, of course, we must not go completely overboard, but within reason I think we should meet world competition, and in so doing I think we can get the rest of the world to live up to reasonable, prudent terms.

Mr. WIDNALL. Would you, too, comment on it, please?

Mr. FOY. Mr. Congressman, our principal experience in this field, of course, is for the large-type engineering construction contracts of steel mills and this sort of thing that take a long amortization time. The most recent credit terms that we are aware of that are being offered, France today is offering 13 years with a 3-year waiting period, with interest at 6½ percent; England has gone as high as 15 years with a 3-year waiting period, interest ranging from 6 to 6½ percent; Italy is at the moment holding pretty tight at 10 years with a 3-year waiting period, interest at 6 to 6½ percent; Germany has recently offered a loan of \$6½ million to Brazil for palletizing and signaling equipment, for 15 years, which is 12 years' amortization, a 3-year waiting period.

These are, I would say, longer than most normal commercial terms, but they are for plants whose investment is heavy and whose recovery is over a long period of years.

When you look at these terms, I would remind you that in the United States where our own steel industry is a mature industry, if you look at their own bond issues, they are almost without exception 25- to 30-year bond issues. So when you look even in these developing countries at something in the area of 15 years, you are not looking at