Mr. Moorhead.

Mr. MOORHEAD. Thank you, Mr. Chairman.

First, Mr. Chairman, I would like to welcome all of the witnesses, but extend a particular welcome to Mr. Fred Foy, chairman of the Koppers Co., which is located in my Congressional District.

Mr. Foy, I would like to continue the discussion that you were having with Mr. Clawson about these advance commitments which I think are very important.

Is there anything in the existing law that prevents the Bank from giving the type of advance commitment that other countries give?

Mr. FOY. Mr. Congressman, there is not. However, I am not sure I should answer that quite that strongly. The problem differs in this respect.

In all of the countries with which we have to compete, the contract is between the seller and the buyer with respect to the whole financial aspect of the transaction. And it is then underwritten, in effect, by the Government which guarantees the supplier against loss in this contract.

Under the way the Export-Import Bank operates—and I have to confess I am not sure whether this is or is not a matter of law, and perhaps some representatives of the Bank present could clarify this—the Bank acts as the lender directly to the borrower.

If we make a sale to Spain, we don't finance that contract. The Bank lends money to Spain which is used to pay us for our contract. For this reason, the Bank has not given these advance commitments basically on the ground that it has no application before it. It has only a potential U.S. supplier saying, in essence, "If we sell this fellow this batch of equipment and he comes in and asks you to lend him some money, will you do it?"

And then the Bank has said in each case, well, when he comes in we will look at it. Then we go over it, usually, with some of the Bank staff in the hope that they will say. "Well, if he comes in with that proposition, we will look favorably upon it."

It works the other way in the other countries and I don't know whether the Ex-Im Bank basic law would stop them from doing it. I think they might be able to go somewhat further than they have gone up to now.

Mr. MOORHEAD. I certainly think that this advance commitment should be part of the Bank's arsenal of equipment, and if they won't do it under existing law, I don't see any change in this law.

My suggestion to the committee will be that we put something in the report to encourage them, or examine whether we should really change the law so that they can carry out these kinds of advance commitments.

Your statement is very eloquent about the Export Expansion Advisory Committee, and you say that it should be independent of the Eximbank. And you also describe it as a kind of sales department.

Do you envisage this committee as having private businessmen serving on it?

Mr. FOY. As it is presently constituted, I do not believe that is the plan. But it would be the Department of Commerce which is in charge of export expansion and doing a very vigorous job of it, and it would be represented with an official voice to say, this will help our export program, for this reason we believe this particular loan should be