

The Bank has already been very helpful to us in developing our export trade.

For one thing credits extended by the Bank have enabled us to make millions of dollars of sales on credit terms we could not have risked ourselves. In addition, the cooperation of the Bank has been of such importance to the over-all programs of some countries that the participation of the Bank in our transaction enabled us to obtain important concessions from the government involved. Further, assistance from the Bank on our first transactions in some countries has enabled us to gain a foothold there. We have then been able to expand our markets in such countries either without the help of the Bank or at a much lower level of Bank participation.

The present statutory authority of the Export-Import Bank is limited to credits offering "reasonable assurance of repayment". Under S. 3218, \$500 million of the Bank's present authorization will be set aside as a separate fund or category to which this limitation will not apply. Instead, as to this special fund the criterion is to be whether the loan will "improve the balance of payments and foster the long-term commercial interest of the United States".

This does not mean, of course, that in committing the new fund the Bank will disregard the possibility of being repaid. Substantial credits not in the end collected from the foreign debtor would not meet the criterion of helping our balance of payments. It does mean that the fund will be available for reasonable credit risks where the possible payoff in increased sales and market penetration is substantial.

Both the new and the old criteria are stated in pretty broad and subjective language. They acquire precise meaning only as they are applied by the Bank to particular situations and they permit a broad exercise of judgment by the Bank. For this reason I have no way of picking out specific examples of credits the Bank will be able to approve under the new fund which it presently would reject, or specific credit problems which the bill will solve.

I can, however, warmly support the principle the bill establishes—that is the commitment of some part of the Bank's resources to truly audacious and imaginative use of credit which can open trade doors and meet competition.

I suspect that one of the most important areas in which the new fund will enable the Bank to expand its contribution will be in situations where the so-called "country risk" is high. As the Bank's commitments to credits in a particular country increase, its risk of taking large, sudden losses as a result of general political or economic developments there also increases. When this has happened, the Bank has sometimes felt it could not approve further commitments even though the individual borrowers represented very good commercial credit risks. This can put U.S. exporters at a disadvantage if central banks of exporting industrial countries are not so heavily committed in the importing country, and are therefore willing to guarantee credits of a much lower quality.

The bill will undoubtedly also permit the Bank to approve some individual credits which cannot now be accepted, or which have been acceptable only with more assurance in the form of collateral or guarantees than foreign competitors require.

For these reasons, I hope your Committee will give favorable consideration to H.R. 16162.

Very truly yours,

E. F. CURTIS, *President.*

NATIONAL FOREIGN TRADE COUNCIL, INC.,
New York, N.Y., April 26, 1968.

HON. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D.C.

MY DEAR MR. PATMAN: The National Foreign Trade Council favors the early enactment of H.R. 16162 currently under consideration by your Committee to enable the Export-Import Bank of the United States to approve extension of certain loans, guarantees and insurance in connection with exports from the United States in order to improve the balance of payments and to foster the long-term commercial interest of the United States.

Without increase in the Bank's established statutory lending authority, the new facility provided under H.R. 16162 can significantly broaden the scope of Eximbank financing of commercial exports by making available to American firms export financing which will enable them to sell their products aggressively in new, emerging markets. In so doing, it will serve in a positive way to