

The original documents are located in Box 23, folder “1/4/75 HR15977 Export-Import Bank Amendments of 1974” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

APPROVED
JAN 4 - 1975

THE WHITE HOUSE
WASHINGTON

ACTION

Last Day: January 10

January 3, 1975

*Posted 1/4/75
To ARCHIVES
1/6/75*

MEMORANDUM FOR THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill H.R. 15977
Export-Import Bank Amendments of 1974

Attached for your consideration is H.R. 15977, sponsored by Representative Ashley, which:

- Extends the life of the Export-Import Bank, which expired on November 30, 1974 until June 30, 1978, the date sought by the Administration;
- Increases the ceilings on outstanding loans and guarantees from \$20 billion to \$25 billion. The Administration had requested an increase to \$30 billion.
- provides for prior notification to the Congress of certain types of financial assistance;
- places a ceiling on financial assistance for exports to the Soviet Union, especially exports involving fossil fuel resources;
- makes a number of less significant changes in the Bank's legislative mandate.

OMB states in their enrolled bill report (Tab A) that while the bill imposes several constraints on the Bank's flexibility, particularly with regard to the Soviet Union, they, nor do any of the agencies commenting on the bill, consider these constraints sufficient to warrant disapproval. OMB, therefore, recommends approval.

Max Friedersdorf (Loen) and Phil Areeda both recommend approval.

RECOMMENDATION

That you sign H.R. 15977 (Tab B).





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 30 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15977 - Export-Import Bank
Amendments of 1974
Sponsor - Rep. Ashley (D) Ohio, and 10 others

Last Day for Action

January 10, 1975

Purpose

Extends the life of the Export-Import Bank, which expired on November 30, 1974, until June 30, 1978; increases the ceilings on outstanding loans and guarantees from \$20 billion to \$25 billion; provides for prior notification to the Congress of certain types of financial assistance; places a ceiling on financial assistance for exports to the Soviet Union, especially exports involving fossil fuel resources; places Bank receipts and disbursements back in the Federal budget; and makes a number of less significant changes in the Bank's legislative mandate.

Agency Recommendations

Office of Management and Budget	Approval
Export-Import Bank of the United States	Approval
Department of State	Approval
Council on International Economic Policy	Approval
National Security Council	Approval
Office of the Special Representative for Trade Negotiations	Approval (Informally)
Department of Commerce	Approval
Department of the Treasury	No objection
Council of Economic Advisers	No objection (Informally)
Federal Reserve Board	No objection
Department of Justice	No recommendation



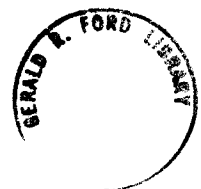
guarantee, or combination thereof which equals or exceeds \$60 million, and (2) any loan, financial guarantee, or combination thereof valued at \$25 million or more for the export of goods or services to support research, exploration, or production of fossil fuel energy resources in the Soviet Union -- this notification presumably would be applicable in the case of energy production only under the special circumstances described below.

Limits on Lending to the Soviet Union. The bill sets a ceiling of \$300 million on aggregate new authorizations of loans and financial guarantees to support exports to the Soviet Union. None of that amount could be used to procure any product or service for the production (including processing and distribution) of fossil fuel resources. Within the \$300 million overall limitation, the bill establishes a subceiling of \$40 million for the purchase, lease, or procurement of products or services connected with research or exploration of fossil fuel energy resources.

The bill provides that the President can propose an increase in the \$300 million ceiling if he finds such modification to be in the national interest and reports his determination to the Congress. The proposed increase can include financial assistance for Presidentially-specified amounts of energy research, exploration, and production, notwithstanding the restrictions that apply to assistance for these purposes under the statutory \$300 million ceiling. The President's determination, however, would require congressional approval by concurrent resolution.

The bill also prohibits the Bank from making any further commitments to the Soviet Union until the Trade Act is signed into law.

With regard to the provision for congressional ratification by concurrent resolution, Justice, in its enrolled bill letter, states that it is "of the opinion that congressional review of Executive action by concurrent resolution is not permitted by the Constitution." It should be noted, however, that similar, and even more restrictive provisions, have been included in a number of bills enacted and approved in recent months.



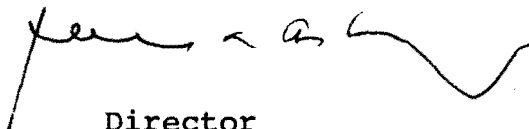
Return to the Budget. Since August 17, 1971, Bank receipts and expenditures have been excluded by statute from the totals of the Federal budget. H.R. 15977 would restore the Bank's activities to the budget totals beginning in fiscal year 1977.

Other Provisions. The bill makes other adjustments to the Bank's legislative authority, most of which are housekeeping in nature. Of some importance is the expanded requirement for periodic reporting to the Congress on certain domestic effects of the Bank's activities.

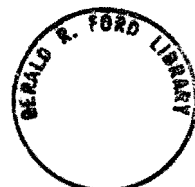
Conclusion

While the bill imposes several constraints on the Bank's flexibility, particularly with regard to the Soviet Union, we do not consider these constraints, nor do any of the agencies commenting on the bill, sufficient to warrant disapproval. For example, Chairman Casey and Ambassador Eberle have discussed certain of the constraints in memorandums previously submitted to you (copies attached) but both support approval of the bill. Similarly, State's enrolled bill letter cites the Department's objections to the restrictive provisions regarding the Soviet Union but concludes:

"Despite these reservations, we recommend that the President sign H.R. 15977 because the Export-Import Bank is important to our national export promotion programs and the effect of a Presidential veto would be a prolonged suspension of the Bank's activities, with little possibility that the coming session of Congress would enact substantially more acceptable legislation with respect to the Export-Import Bank's activities. Restrictions regarding the Soviet Union, consistent with those contained in H.R. 15977, have already been included in the trade bill."


Director

Enclosures



WAYNE L. HAYS, OHIO, CHAIRMAN

FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
LUCIEN N. NEDZI, MICH.
JOHN BRADEMAS, IND.
KENNETH J. GRAY, ILL.
AUGUSTUS F. HAWKINS, CALIF.
TOM S. GETTYS, S.C.
BERTRAM L. PODELL, N.Y.
FRANK ANNUNZIO, ILL.
JOSEPH M. GAYDOS, PA.
ED JONES, TENN.
ROBERT H. MOLLOHAN, W. VA.
EDWARD I. KOCH, N.Y.
DAWSON MATHIS, GA.
LIONEL H. VAN DEERLIN, CALIF.

WILLIAM L. DICKINSON, ALA.
SAMUEL L. DEVINE, OHIO
JAMES C. CLEVELAND, N.H.
ORVAL HANSEN, IDAHO
PHILIP M. CRANE, ILL.
JOHN WARE, PA.
BILL FRENZEL, MINN.
CHARLES E. WIGGINS, CALIF.
JAMES F. HASTINGS, N.Y.
HAROLD V. FROELICH, WIS.
M. CALDWELL BUTLER, VA.

JOHN T. WALKER, STAFF DIRECTOR

Congress of the United States

House of Representatives

COMMITTEE ON HOUSE ADMINISTRATION

SUITE H-326, U.S. CAPITOL

Washington, D.C. 20515

Mr. Robert D. Linder
Chief Executive Clerk
The White House

Dear Sir:

On December 24, 1974, we delivered to the White House an enrollment of the bill H.R. 15977, An Act to amend the Export-Import Bank Act of 1945, and for other purposes. The enrollment was received at the White House by Mr. Ron Geisler.

It has come to my attention that this bill was improperly enrolled and did not reflect the action of the House and Senate agreeing to the further conference report on the bill (House Report 93-1633) on December 18th and 19th, 1974.

The true enrollment is transmitted herewith.

Yours truly,

Eugene H. Romaniello

Eugene H. Romaniello
Clerk of Enrolled Bills.

*This letter and H.R. 15977 were delivered
to my office December 30, 1974.*

R. D. Linder

12-30-74



COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

DEC 24 1974

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: H. R. 15977 - The Export-Import Bank Amendments
of 1974

This is in response to the request for my views on William J. Casey's memorandum to you regarding subject legislation.

I recommend that you sign this legislation.

The controversy over this legislation centered on the following three provisions:

(1) The limitation of loans or guarantees, or combinations thereof, in connection with exports to the Soviet Union, of not more than \$300 million.

(2) The limitation of loans or guarantees to the Soviet Union involving research or exploration of fossil fuel energy resources to not more than \$40 million of the \$300 million.

(3) The inclusion of Eximbank in the Unified Budget beginning with fiscal year 1977.

\$300 Million Dollar Limitation

The legislation provides that Eximbank shall not approve any loans or guarantees, or combinations thereof, in connection with exports to the Soviet Union in an aggregate amount in excess of \$300 million. No credits within this limitation shall be extended for the production of fossil fuel energy resources in the Soviet Union.



Eximbank has issued credits to the Soviet Union of approximately \$480 million in the last two years, most of it in the last year. At this rate, it appears that the \$300 million limitation may well be insufficient, particularly in view of the fact that this legislation covers a period of nearly four years. However, the legislation specifically permits the President to establish a limitation in excess of \$300 million if he determines that such higher limitation is in the national interest, and if Congress approves the higher limitation by way of a concurrent resolution. It is anticipated that Eximbank will come back to Congress for additional overall authority in about two years, but the President may seek a higher limitation on the \$300 million level at any time during the four-year extension of the Bank's authority.

\$40 Million Limitation on Fossil Fuel Energy Project Research or Exploration Funding:

The legislation contains a limitation of \$40 million for fossil fuel energy research or exploration projects, within the overall \$300 million ceiling on credits to the Soviet Union.

The President can establish a higher limitation than the \$40 million level if he provides Congress with the reasons therefor, and Congress adopts a concurrent resolution increasing the \$40 million limit, while at the same time increasing the overall \$300 million limit.

This limitation is unsatisfactory, particularly should the Administration approve substantial Eximbank participation in the so-called Yakutsk liquid natural gas project in the Soviet Union. (I understand that the proposed financing with respect to the exploration phase of that project, which currently proposes Eximbank participation of \$49.5 million, could be rearranged to include a lower level of Eximbank participation and a greater amount of private sector participation.) However, after a series of cloture votes, votes on several versions of the Conference Report, and a direct vote of 81 to 9 on the Church amendment requiring congressional approval of any Eximbank assistance to a Communist country in connection with production of fossil fuel energy resources, it appears that the \$40 million limitation is the best that can be achieved in the present political climate.



In the Joint Explanatory Statement of the Committee of Conference, the conferees pointed out that the language dealing with quantitative and qualitative restrictions with respect to credits to the Soviet Union is in the nature of a policy. The conferees stated, "It is not the intent of the conferees that any proposed loan or guarantee with respect to a specific transaction be the subject of review by the Congress on a transaction-by-transaction basis." Therefore, Congress has not made a policy determination that credits to the Soviet Union supporting the production of fossil fuel energy resources should not be provided, except within the context of the \$300 million limitation. Rather, should the President decide that support for such projects is in the national interest, Congress must participate in the approval process by way of the concurrent resolution procedure.

Budget

The legislation provides that the receipts and expenditures of the Bank would be placed back in the Unified Budget totals beginning with fiscal year 1976. In the Joint Explanatory Statement of the Committee of Conference the conferees stated, "The conferees agree to this amendment with the full knowledge that this is a matter for consideration by the Budget Committees of the House and the Senate. This action by the conferees is in no way intended to prejudge the recommendations of the Budget Committees with respect to the question of inclusion of the Bank in the Unified Budget."

If the Bank were placed in the budget next year, the budget deficit would be increased by approximately \$1.5 billion, and the impact would be increased the following fiscal year. This is clearly undesirable from a political point of view, especially in view of present economic conditions.

However, the conferees clearly intended that this controversy, which appears to focus primarily on accounting methods applied to the Bank, be considered next year by the House and Senate Budget Committees. These Committees are given an opportunity to make their recommendations before the effective date of this amendment.


Conclusion

I consider the sections reviewed to be undesirable features of the legislation, and would have preferred to have had the House version incorporated into the Conference Report. However, the legislative

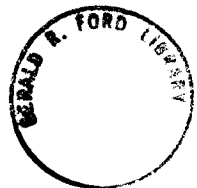


history of this matter, including the votes on cloture petitions, the several versions of the Conference Report, and the Church and Proxmire (budget) amendments, make it clear that the Administration is unlikely to be able to improve on these provisions. The Senate in particular is determined to participate in the decision making process with respect to fossil fuel energy projects in the Soviet Union because of the important national policy considerations involved.

I recommend that you sign this legislation.



W. D. Eberle
Executive Director





EXPORT-IMPORT BANK OF THE UNITED STATES

WASHINGTON, D.C. 20571

PRESIDENT
AND
CHAIRMAN

CABLE ADDRESS "EXIMBANK"
TELEX 89-461

December 19, 1974

MEMORANDUM FOR THE PRESIDENT

FROM : WILLIAM J. CASEY *W Casey*
SUBJECT: H.R. 15977 - The Export-Import Bank Amendments of 1974

In the final conference report on this legislation we did better than anyone on our side thought possible in:

- (a) obtaining a clear cut amendment proof procedure for the further Congressional approval which would, in any event be required for financing the prospective level of U.S.-U.S.S.R. trade and for doing any large natural gas pipeline deals, and
- (b) avoiding the addition of \$1.5 billion to the budget deficit to be announced in January by deferring Eximbank's inclusion in the budget to 1977.

I recommend that you sign this legislation. It is the best we could get from this Congress and probably better than the next Congress would enact. It also provides a definite and explicit basis for expanding the U.S.-U.S.S.R. economic relationship which is preferable to going up and seeking additional authorizations in the manner which would otherwise be required.

I believe its \$300 million limitation on Soviet loans is, and can be explained to the Soviets as being, not a flat limitation but a mechanism for continuing Congressional participation in determining the level of financing called for as our economic and other relationships develop. I have the assurance of Senator Stevenson and Senator Packwood, who will present the conference report on the floor, that they will spell out its purpose in this manner.

The Conference Bill permits Eximbank to make loans to U.S.S.R. up to \$300 million. There is a subceiling of \$40 million for loans related to research and exploration for fossil fuel. None of the initial \$300 million can be used for the production, processing or distribution of fossil fuel.



However, it explicitly provided that the President, with a concurrent resolution by the Congress, can increase the \$300 million limitation and specify the portion of the increase available for production, processing and distribution as well as research and exploration for fossil fuel.

Thus, this legislation explicitly provides a procedure for establishing an increased loan authorization for the Soviet Union as well as for broadening the scope of the fossil fuel purposes for which the funds may be used.

No time is specified for the use of this \$300 million. The Senate has refused to approve any authority to loan an excess of \$300 million without Congressional review and approval. When the first of three conference reports provided unlimited authority to increase \$300 million ceiling, it was rejected and the legislation returned to a new conference. There were two forms of limitations which might have been acceptable:

1. A limited increase of \$200 or \$300 million on the basis of a Presidential finding without Congressional approval.
2. An unspecified increase on the basis of a Presidential finding plus a concurrent resolution by the Congress.

The second alternative, embodied in the legislation, is preferable because even a second \$300 million authorization would not have been sufficient to finance any significant level of U.S.-U.S.S.R. trade. It would clearly have been insufficient for large energy deals. It would have been necessary to go back to the Congress for additional authorization without the protection from amendment provided by the concurrent resolution procedure.

Because of the magnitude of the Soviet gas deals they would never have been possible without express Congressional approval of loan authorization levels higher than the Bank regularly obtains. It seems preferable to get this approval under the procedure established in this new legislation, where we get an up or down vote without amendments, than to seek authorization through usual procedures involving more extended hearings and running a gauntlet of amendments.

The Senate voted 81 to 9 that it would not accept legislation which permitted loans in excess of \$25 million to be made for fossil



fuel purposes without Congressional approval. The House conferees would not agree to any provision which required Congressional approval on a transaction by transaction loans. The concept of relating the approval of fossil fuel loans to the President's specific power to initiate an increase in the \$300 million loan authorization was a creative solution to this impasse and, I think, a significant improvement on the procedure the Senate had demanded in their 81 to 9 vote.

The only fossil fuel loan application we know of from the Soviets is for \$49 million for exploratory purposes in Yakutsk. It is based on the expectation of a 45 percent loan. The Bank has cut its participation in most loans back to 30 percent. The \$40 million limitation makes it possible to meet the Japanese desire for U.S. participation in the exploratory loan for Yakutsk by reducing the Exim share and increasing the share of the private banks, something we do frequently these days. The legislation meets the desire in the Senate for assurance that participation in the exploratory phase will not represent a commitment of the much larger financing required for development. At the same time, it provides an amendment proof procedure for getting the Congressional concurrence which would be needed in any event for financing of the magnitude required for full development if that should come to be viewed as in our national interest.

In other respects, the Bank finds the legislation workable and quite satisfactory.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 943

Date: January 1, 1975

Time: 11:00 a.m.

FOR ACTION: Geoff Shepard *ok*
Max Friedersdorf *ajmt*
Phil Areeda *noobj* cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, January 2 Time: noon

SUBJECT:

Enrolled Bill H.R. 15977 - Export-Import Bank
Amendments of 1974

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 943

Date: January 1, 1975

Time: 11:00 a.m.

FOR ACTION: Geoff Shepard
Max Friedersdorf
Phil Areeda

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 2

Time: noon

SUBJECT:

Enrolled Bill H.R. 15977 - Export-Import Bank
Amendments of 1974

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection
P. Areeda*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks _____
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 943

Date: January 1, 1975

Time: 11:00 a.m.

FOR ACTION: Geoff Shepard
Max Friedersdorf
Phil Areeda

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 2

Time: noon

SUBJECT:

Enrolled Bill H.R. 15977 - Export-Import Bank
Amendments of 1974

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Approved
H.C.S.*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

WASHINGTON

1/8/75

MEMORANDUM FOR:

WARREN HENDRIKS

FROM:

MAX L. FRIEDERSDORF *VL*

SUBJECT:

Action Memorandum - Log No. 943
Enrolled Bill H. R. 15977 - Export-Import
Bank Amendments of 1974

The Office of Legislative Affairs concurs with the Agencies
that the enrolled bill should be signed.

Attachments





EXPORT-IMPORT BANK OF THE UNITED STATES

WASHINGTON, D.C. 20571

OFFICE OF THE
GENERAL COUNSEL

DEC 23 1974

CABLE ADDRESS "EXIMBANK"
TELEX 89-461

Executive Office of the President
Office of Management and Budget
Office of Legislative Reference
Washington, D.C.

Attention: Mr. George Gilbert

Re: Enrolled Bill H.R. 15977, 93rd Congress

Dear Sirs:

You have requested our comments on Enrolled Bill H.R. 15977, "Export-Import Bank Amendments of 1974".

The major provisions of the Enrolled Bill amend the Export-Import Bank Act of 1945, as amended, to: (1) extend the life of the Bank by four years to June 30, 1978; (2) increase the overall commitment authority of the Bank by \$5 billion to \$25 billion; (3) within the limitations set forth above, increase the authority to issue export credit, guarantees and insurance on a 25% fractional charge basis from \$10 billion to \$20 billion; (4) require the President to make a national interest determination to do business with a particular Communist country on a country basis and require individual determinations for any transaction involving a Bank loan to a Communist country of \$50 million or more; (5) require notification to Congress at least 25 days prior to final Bank approval of any proposed transaction involving loans and financial guarantees or combinations thereof which equal or exceed \$60 million world wide, or \$25 million or more when the transaction involves fossil fuel energy resources in the Soviet Union; (6) permit the Bank to make additional loans and financial guarantees or combinations thereof to the U.S.S.R. up to \$300 million, \$40 million of which can be for loans relating to research or exploration of fossil fuel resources. None of the initial \$300 million can be used for the production, processing or distribution of fossil fuel resources. However, it explicitly provides that the President, with a concurrent resolution by the Congress, can increase the \$300 million limitation and specify the portion of the increase available for production, processing and distribution as well as research and exploration for fossil fuel resources; (7) prohibit the Bank from making further commitments to the Soviet Union until the Trade Reform Act is signed into law; (8) includes receipts and expenditures of the Bank within the Budget effective with beginning of Fiscal Year 1977; (9) exclude borrowings by national banks from Eximbank from the aggregate borrowing limit imposed under the National Bank Act.



The Enrolled Bill also contains several clarifying provisions which are designed to give the Board of Directors policy guidance. These provisions include specific language on minimizing competition, assisting small business, taking into account any serious adverse effects on the competitive position of U.S. industry, the availability of materials which are in short supply, and employment in the United States, and setting guidelines on lending rates and borrowing rates as well as adding certain reporting requirements.

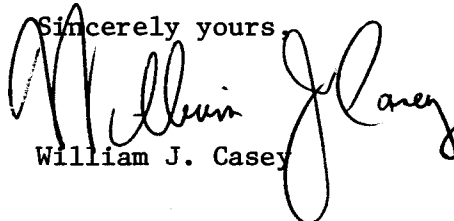
The increased authority in the Enrolled Bill will enable the Bank to continue its active support of United States export trade thereby assisting the nation's international balance of payments accounts. Under the provisions of this legislation the Bank in conjunction with the private financial community will be able to provide the support urgently needed by U.S. exporters actively engaged in the sale of their products and services throughout the world.

The Enrolled Bill provides a definite and explicit basis for expanding the U.S.-U.S.S.R. economic relationship which is preferable to going to Congress and seeking additional authorizations in the manner which would otherwise be required. It establishes a specific procedure for increasing the loan authorization for the Soviet Union as well as for broadening the scope of the fossil fuel purposes for which the funds may be used. There is no time limit specified for the use of the \$300 million and the Enrolled Bill sets forth an amendment-proof procedure for obtaining Congressional concurrence to allow more than \$300 million in new loans as well as to engage in financing the exports required for the development of fossil fuel energy resources in the Soviet Union.

The amendment delaying the return of the Bank's receipts and disbursements to the Budget to Fiscal Year 1977 rather than fiscal 1976 avoids the addition of approximately \$1.5 billion to the Budget deficit in the Budget which will be announced this January. In the meantime, it allows the Bank and the Executive Branch to work with the Budget Committees to determine whether current budgetary accounting procedures should be modified.

The Export-Import Bank supports the provisions in the Enrolled Bill and recommends that the President approve H.R. 15977.

Sincerely yours,


William J. Casey





DEPARTMENT OF STATE

Washington, D.C. 20520

December 26, 1974

Dear Mr. Ash:

I refer to the request of Mr. W. H. Rommel, Assistant Director for Legislative Reference, for the Department of State's views and recommendations on the enrolled bill H.R. 15977, known as "the Export-Import Bank Amendments of 1974". The Department recommends that the President sign this legislation.

H.R. 15977 amends the Export-Import Bank Act of 1945, as amended, to extend the life of the Export-Import Bank of the United States to June 30, 1978, and increases the Bank's overall commitment authority from \$20 billion to \$25 billion. This act also makes several technical changes requested by the Export-Import Bank. A number of provisions of H.R. 15977, as enacted, were added by the Congress to strengthen Congressional oversight over the Export-Import Bank, and to place limits on the discretionary authority of the Board of Directors of the Bank. Among these provisions are the following:

-- The overall commitment authority of the Bank was increased to \$25 billion rather than \$30 billion as requested; the Bank is expected to approach this ceiling in two years and will be required to return to the Congress to seek a further increase at that time.

-- Before any loan or financial guarantee or combination thereof which equals or exceeds \$60 million may be approved by the Board of Directors of the Bank, a detailed report must be submitted to the Congress at least 25 legislative days in advance.

-- Credit authorizations to the Soviet Union are specifically restricted by the following special provisions:

- A ceiling of \$300 million is imposed for new loans and financial guarantees;

The Honorable Roy L. Ash,
Director, Office of Management
and Budget.



- Within this ceiling, not more than \$40 million may be approved for research or exploration of fossil fuel resources, and no credits or guarantees may be approved for fossil fuel production, processing, or distribution;

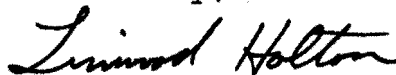
- Any loan or financial guarantee exceeding \$25 million for purposes connected with fossil fuel research, exploration, or exploitation must be reported to Congress at least 25 legislative days before final approval;

- The President may establish a limitation in excess of \$300 million if he determines that such limitation is in the national interest, provided that he report the reasons for such determination to the Congress, including a statement of the amount of such increase which would be available for projects involving research, exploration, and production of fossil fuel energy resources, and provided that the Congress adopts a concurrent resolution approving such determination.

The Department of State opposed these restrictive provisions because they require a degree of Congressional involvement in the normal operations of the Bank which will be a burden on the Congress and will hamper the efficient direction of the Bank's activities by the Board of Directors of the Bank. The provisions directly related to credits and financial guarantees for the Soviet Union are discriminatory and constitute a barrier to the development of more normal economic relationships with that country.

Despite these reservations, we recommend that the President sign H.R. 15977 because the Export-Import Bank is important to our national export promotion programs and the effect of a Presidential veto would be a prolonged suspension of the Bank's activities, with little possibility that the coming session of Congress would enact substantially more acceptable legislation with respect to the Export-Import Bank's activities. Restrictions regarding the Soviet Union, consistent with those contained in H.R. 15977, have already been included in the trade bill.

Cordially,



Linwood Holton
Assistant Secretary
for Congressional Relations



COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

December 24, 1974

MEMORANDUM FOR

George Gilbert
Office of Management and Budget

SUBJECT: H. R. 15977--The Export-Import Bank
Amendments of 1974

Per your request to Skip Hartquist for CIEP's comments and recommendations regarding the Export-Import Bank Amendments of 1974, I have attached at Tab A a copy of a memorandum from Ambassador Eberle to the President which provides such comments and recommends that he sign this legislation. Attached at Tab B for your information is a copy of a memorandum from Chairman Casey to the President, also recommending that he sign this legislation.



David M. Evans
Senior Staff Member

Attachments



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

December 26, 1974

MEMORANDUM FOR

Mr. W. H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget

SUBJECT: Enrolled Bills H. R. 15977 ("Export-Import
Bank"), and H. R. 10710 ("Trade Act of 1974")

The NSC staff recommends that the President sign H. R. 15977
("Export-Import Bank Amendment of 1974") and H. R. 10710 ("Trade
Act of 1974").


Jeanne W. Davis



16



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 24 1974

RL
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

An Enrolled Enactment to extend the life of the Export-Import Bank and to increase its lending authority will be submitted to you shortly for action. We have recommended to OMB that this legislation be signed into law.

The statutory basis of the Export-Import Bank has been in doubt for nearly half a year, and prompt enactment of this legislation is urgently needed to maintain a strong U.S. trade position. In view of the importance of this matter to the Department of Commerce, I am taking the liberty of forwarding a copy of our recommendation for your consideration.

Sincerely,

John K. Tabor

Secretary

ACTING

Enclosure





THE UNDER SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 24 1974

Honorable Roy Ash
Director
Office of Management and Budget
Washington, D.C., 20503

Dear Mr. Ash:

I wish to state the Department of Commerce position with respect to H.R. 15977, an Enrolled Enactment

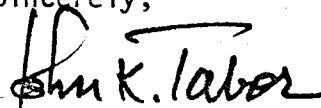
To amend the Export-Import Bank Act of 1945, and for other purposes.

The Department of Commerce strongly favors the enactment of this legislation. Its most important provisions would extend the life of the Export-Import Bank (Eximbank) to June 30, 1978, and to increase Eximbank's lending authority from \$20 billion to \$25 billion. Presently, Eximbank has suspended operation because its basic statute has expired; and its uncommitted lending authority amounts to about \$1.2 billion, sufficient to permit only about 5 months of activity at normal levels. From the standpoint of our international trade interests, it is essential that Eximbank programs be resumed and that they be fully adequate to support our future export growth.

H.R. 15977 would also significantly limit Eximbank's ability to support U.S. trade with the U.S.S.R. While these restrictions are undesirable, this Department firmly believes that priority should be accorded to the broader trade objectives that would be served by enactment of this Bill.

For the above reasons, the Department of Commerce recommends that H.R. 15977 be signed into Law.

Sincerely,


Under Secretary





THE UNDER SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 24 1974

Honorable Roy Ash
Director
Office of Management and Budget
Washington, D.C., 20503

Dear Mr. Ash:

I wish to state the Department of Commerce position with respect to H.R. 15977, an Enrolled Enactment

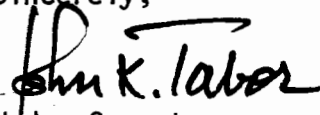
To amend the Export-Import Bank Act of 1945, and for other purposes.

The Department of Commerce strongly favors the enactment of this legislation. Its most important provisions would extend the life of the Export-Import Bank (Eximbank) to June 30, 1978, and to increase Eximbank's lending authority from \$20 billion to \$25 billion. Presently, Eximbank has suspended operation because its basic statute has expired; and its uncommitted lending authority amounts to about \$1.2 billion, sufficient to permit only about 5 months of activity at normal levels. From the standpoint of our international trade interests, it is essential that Eximbank programs be resumed and that they be fully adequate to support our future export growth.

H.R. 15977 would also significantly limit Eximbank's ability to support U.S. trade with the U.S.S.R. While these restrictions are undesirable, this Department firmly believes that priority should be accorded to the broader trade objectives that would be served by enactment of this Bill.

For the above reasons, the Department of Commerce recommends that H.R. 15977 be signed into Law.

Sincerely,


Under Secretary





THE SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 24 1974

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

An Enrolled Enactment to extend the life of the Export-Import Bank and to increase its lending authority will be submitted to you shortly for action. We have recommended to OMB that this legislation be signed into law.

The statutory basis of the Export-Import Bank has been in doubt for nearly half a year, and prompt enactment of this legislation is urgently needed to maintain a strong U.S. trade position. In view of the importance of this matter to the Department of Commerce, I am taking the liberty of forwarding a copy of our recommendation for your consideration.

Sincerely,

JOHN K. TABOR

Acting Secretary

Enclosure





THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

DEC 24 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Your office has asked for the views of this Department on the enrolled enactment of H.R. 15977, "Export-Import Bank Amendments of 1974."

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President.

Sincerely yours,


General Counsel





BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

Mr. William D. Skidmore
Chief, Business-General
Government Branch
Office of Management and Budget
New Executive Office Building
Room 7220
17th Street and Pennsylvania Avenue, N. W.
Washington, D. C. 20530

Dear Mr. Skidmore:

This letter is in response to your telephoned request for the views of the Federal Reserve Board concerning Enrolled Bill H. R. 15977.

As we advised you by telephone on December 23, 1974, the staff of the Federal Reserve Board has no objections or comments concerning this proposal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Griffith L. Garwood".

Griffith L. Garwood
Assistant Secretary of the Board



Department of Justice
Washington, D.C. 20530

DEC 24 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Ash:

This is in response to your request for the views of this Department concerning enrolled bill H.R. 15977, amending the Export-Import Bank Act of 1945.

Section 8(b) of the bill provides that the Export-Import Bank shall not approve any loans, etc. in connection with exports to the Soviet Union in an aggregate amount in excess of \$300,000,000. However, the section permits the President to establish a limitation in excess of that amount if he determines such action to be in the national interest and the Congress adopts a concurrent resolution approving his decision.

The Department is of the opinion that congressional review of Executive action by concurrent resolution is not permitted by the Constitution. Though our views were expressed to you in detail in our comments on the Mondale amendment to S. 3355 contained in my letter of July 16, 1974, I believe it is important to note again the constitutional language involved. The final clause of Article I, section 7 of the Constitution provides as follows:

Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives, according to the Rules and Limitations prescribed in the Case of a Bill.

The intent of this language was clearly designed, among other things, to prevent resolutions from nullifying action taken by the President, as in the case here. Section 8(b) of this bill grants the President the authority to extend the export limitation if he believes the national interest so dictates; it then permits Congress, in its failure to pass a concurrent resolution, the power to nullify that very action.



Thus, while we make no recommendation as to whether the President should sign or veto the pending bill, we strongly believe that any message that is issued in connection with it should plainly refer to the doubtful constitutionality of the language contained in this provision.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Vincent Rakestraw".

W. Vincent Rakestraw
Assistant Attorney General



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 30 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15977 - Export-Import Bank
Amendments of 1974
Sponsor - Rep. Ashley (D) Ohio, and 10 others

Last Day for Action

January 10, 1975

Purpose

Extends the life of the Export-Import Bank, which expired on November 30, 1974, until June 30, 1978; increases the ceilings on outstanding loans and guarantees from \$20 billion to \$25 billion; provides for prior notification to the Congress of certain types of financial assistance; places a ceiling on financial assistance for exports to the Soviet Union, especially exports involving fossil fuel resources; places Bank receipts and disbursements back in the Federal budget; and makes a number of less significant changes in the Bank's legislative mandate.

Agency Recommendations

Office of Management and Budget	Approval
Export-Import Bank of the United States	Approval
Department of State	Approval
Council on International Economic Policy	Approval
National Security Council	Approval
Office of the Special Representative for Trade Negotiations	Approval (Informally)
Department of Commerce	Approval
Department of the Treasury	No objection
Council of Economic Advisers	No objection (Informally)
Federal Reserve Board	No objection
Department of Justice	No recommendation



Discussion

H.R. 15977, based on a proposal by the Administration in May 1973, has had a long and tortuous passage through the Congress. The final product reflects a combination of some of the modifications originally sought by the Administration and additional congressional oversight authorities imposed by the Congress. The following summarizes the major provisions of the bill.

Extension of Life. The bill extends the life of the Bank until June 30, 1978, the date sought by the Administration. The Bank's life has been temporarily extended since June 30, 1974, on a number of occasions, but the last such extension expired on November 30, 1974, prior to completion of congressional action on this bill.

Ceiling Increases. The bill increases from \$20 billion to \$25 billion the aggregate amount of loans, guarantees and insurance that the Bank can have outstanding at any one time. The Administration had requested an increase to \$30 billion. The smaller increase reflects a desire by the Congress to consider another ceiling increase--and thereby review lending policies--prior to the 1978 expiration date.

As requested by the Administration, the bill also increases from \$10 billion to \$20 billion the aggregate amount of guarantees and insurance against political and credit risks of loss that the Bank can have outstanding at any one time. Only 25 percent of such guarantees and insurance would be chargeable against the overall \$25 billion limit established by the bill.

National Interest Determinations. Under existing law, the Bank cannot finance exports to a communist country unless the President determines support to such country to be in the national interest. In addition to this country determination, the bill requires that the President make a separate national interest determination for each Bank transaction involving a loan of \$50 million or more to support exports to a communist country.

Congressional Notification. The bill requires the Bank to notify the Congress at least 25 days of continuous session prior to two types of actions: (1) any loan, financial

guarantee, or combination thereof which equals or exceeds \$60 million, and (2) any loan, financial guarantee, or combination thereof valued at \$25 million or more for the export of goods or services to support research, exploration, or production of fossil fuel energy resources in the Soviet Union -- this notification presumably would be applicable in the case of energy production only under the special circumstances described below.

Limits on Lending to the Soviet Union. The bill sets a ceiling of \$300 million on aggregate new authorizations of loans and financial guarantees to support exports to the Soviet Union. None of that amount could be used to procure any product or service for the production (including processing and distribution) of fossil fuel resources. Within the \$300 million overall limitation, the bill establishes a subceiling of \$40 million for the purchase, lease, or procurement of products or services connected with research or exploration of fossil fuel energy resources.

The bill provides that the President can propose an increase in the \$300 million ceiling if he finds such modification to be in the national interest and reports his determination to the Congress. The proposed increase can include financial assistance for Presidentially-specified amounts of energy research, exploration, and production, notwithstanding the restrictions that apply to assistance for these purposes under the statutory \$300 million ceiling. The President's determination, however, would require congressional approval by concurrent resolution.

The bill also prohibits the Bank from making any further commitments to the Soviet Union until the Trade Act is signed into law.

With regard to the provision for congressional ratification by concurrent resolution, Justice, in its enrolled bill letter, states that it is "of the opinion that congressional review of Executive action by concurrent resolution is not permitted by the Constitution." It should be noted, however, that similar, and even more restrictive provisions, have been included in a number of bills enacted and approved in recent months.



Return to the Budget. Since August 17, 1971, Bank receipts and expenditures have been excluded by statute from the totals of the Federal budget. H.R. 15977 would restore the Bank's activities to the budget totals beginning in fiscal year 1977.

Other Provisions. The bill makes other adjustments to the Bank's legislative authority, most of which are housekeeping in nature. Of some importance is the expanded requirement for periodic reporting to the Congress on certain domestic effects of the Bank's activities.

Conclusion

While the bill imposes several constraints on the Bank's flexibility, particularly with regard to the Soviet Union, we do not consider these constraints, nor do any of the agencies commenting on the bill, sufficient to warrant disapproval. For example, Chairman Casey and Ambassador Eberle have discussed certain of the constraints in memorandums previously submitted to you (copies attached) but both support approval of the bill. Similarly, State's enrolled bill letter cites the Department's objections to the restrictive provisions regarding the Soviet Union but concludes:

"Despite these reservations, we recommend that the President sign H.R. 15977 because the Export-Import Bank is important to our national export promotion programs and the effect of a Presidential veto would be a prolonged suspension of the Bank's activities, with little possibility that the coming session of Congress would enact substantially more acceptable legislation with respect to the Export-Import Bank's activities. Restrictions regarding the Soviet Union, consistent with those contained in H.R. 15977, have already been included in the trade bill."

(Signed) Roy L. Ash
Director

Enclosures.

our history, we cannot afford to lose an opportunity to sharpen the edge of this most comprehensive and successful planning aid. I urge all of my colleagues to join me in support of H.R. 16215.

Mr. LOTT. Mr. Speaker, will the gentleman yield?

Mr. MOSHER. I yield to the gentleman from Mississippi (Mr. LOTT).

(Mr. LOTT asked and was given permission to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, the Coastal Zone Management Act of 1972 established a national objective to restore, protect, and enhance our country's coastal zone resources, to bring about implementation of management programs by the various States for the prudent use of the land and water resources of the coastal zone, and to encourage the participation of the public, Federal, State, and local governments in the development of such programs.

Although the act became effective in October of 1972, funding was not appropriated until December 1973. Because of this, implementation of the program began less than a year ago. Since that time 31 of the 34 States and territories eligible for grants have already applied for and received such funds and are making the much needed headway toward the development of their coastal zone management programs. My home State of Mississippi was eligible for and received slightly over \$100,000 in Federal money for a 3-year development period beginning in May 1974.

Unfortunately, sufficient funds were not available to meet the needs of all of the applying coastal States during the first year of the act's operation, and grants for some States were postponed. Even though the appropriation for fiscal year 1975 was increased to the authorization level of the original act, it is evident at this point that there will be additional unmet grant requests.

Since I am aware through my own State and from working with the Merchant Marine and Fisheries Committee that the States have expressed their enthusiastic support of the coastal zone management program and have tangibly demonstrated their good faith intentions, often by providing funding in excess of their matching grant requirements, the additional authorization called for by this bill, H.R. 16215, is obviously justified. So Mr. Speaker, I wholeheartedly endorse favorable consideration by my colleagues of H.R. 16215, the Coastal Zone Management Act Amendments, at a cost to the Federal Government of not more than \$9 million for each of the fiscal years 1975, 1976, and 1977.

(Mrs. SULLIVAN asked and was given permission to revise and extend her remarks.)

Mrs. SULLIVAN. Mr. Speaker, I rise in support of the passage of H.R. 16215, which will provide for routine changes which will furnish more flexibility in the implementation of the Coastal Zone Management Act of 1972, and which will authorize a minimal funding increase to assist the coastal States in expediting the development of their coastal zone management programs.

The basic act was passed 2 years ago after several years of careful work to devise legislation not only for the more effective protection of our coastal zone resources, but for the coordination and unification of badly needed policies and programs affecting the lands and waters of the coastal zone.

In its implementation of the act, the National Oceanic and Atmospheric Administration, through its Office of Coastal Zone Management, has done an outstanding job to translate policy into practice. With proper support from the Congress, I feel sure that the executive department, in cooperation with State and local governments, regional organizations, and the interested public can make this program an outstanding example of the cooperative efforts needed to solve the problems facing the Nation.

While the provisions of the bill do not make major changes in the act, they do provide for amendments which are needed to assist in its improvement. The increased authorization for development grants, the extension of the authorization for estuarine sanctuaries grants, and the flexibility provided for the maximum and minimum allocation requirements are all matters which I believe warrant our endorsement. The bill was unanimously reported from the Merchant Marine and Fisheries Committee, and has the bipartisan endorsement of its members. I solicit the support of all Members for the passage of the bill.

The SPEAKER. The question is on the motion offered by the gentleman from Virginia (Mr. DOWNING) that the House suspend the rules and pass the bill (H.R. 16215), as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DOWNING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

CONFERENCE REPORT ON H.R. 15977, AMENDING THE EXPORT-IMPORT BANK ACT OF 1945

Mr. ASHLEY submitted the following conference report and statement on the bill (H.R. 15977) amending the Export-Import Bank Act of 1945, which was referred to the House Calendar and ordered to be printed:

CONFERENCE REPORT (H. REPT. No. 98-1633)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagree-

ment to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

Sec. 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

Sec. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

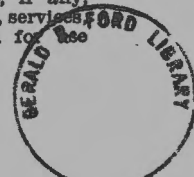
(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

Sec. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semi-annual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semi-annual report required by this subparagraph. The Bank shall also include in the semi-annual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services or energy supplies thus developed for use within the United States.



"(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States."

NATIONAL INTEREST DETERMINATIONS

Sec. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 820(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or na-

tional after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

Sec. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$50,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25-day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

Sec. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

Sec. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank

obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

Sec. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting "(a)" after "Sec. 7";

(2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and

(3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the bank shall not approve any loans or financial guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000. No such loan or financial guarantee, or combination thereof, shall be for the purchase, lease, or procurement of any product or service for production (including processing and distribution) of fossil fuel energy resources. Not more than \$40,000,000 of such aggregate amount shall be for the purchase, lease, or procurement of any product or service which involves research or exploration of fossil fuel energy resources. The President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, including the amount of such proposed increase which would be available for the export of products and services for research, exploration, and production (including processing and distribution) of fossil fuel energy resources in the Union of Soviet Socialist Republics, and if, after receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

Sec. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

Sec. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"Sec. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CILING ON BORROWING BY NATIONAL BANKS

Sec. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 62), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."

RELATIONSHIP TO THE TRADE REFORM ACT

Sec. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

REPEAL OF SECTION 2(a)(2)

Sec. 13. Effective at the close of September 30, 1974, section 2(a)(2) of the Export-Import Bank Act of 1945 is repealed.

And the Senate agree to the same.

WRIGHT PATMAN,
T. ASHLEY,
THOMAS REES,
PARRIN J. MITCHELL,
FERNAND ST GERMAIN,
RICHARD T. HANNA,
EDWARD KOECH,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
GARRY BROWN,
ALBERT W. JOHNSON,

Managers on the Part of the House.

JOHN SPARKMAN,
WILLIAM PROXMIER,
HARRISON WILLIAMS, JR.,
ALAN CRANSTON,
ADLAI STEVENSON III,
THOMAS J. MCINTYRE,
JOHN TOWER,
EDWARD BROOKE,
BOB PACKWOOD,
BILL BROCK,
WALLACE BENNETT,
WILLIAM D. HATHAWAY,
LOWELL WEICKER, JR.,

*Managers on the Part of the Senate.*JOINT EXPLANATORY STATEMENT OF THE
COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the

parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting Government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semiannual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semiannual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semiannual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is available." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are com-

petitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained provisions requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of \$60 million or more and specified what such a statement should contain. It also contained a requirement that the President of the Bank transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a Communist country involves research, exploration, or production of fossil fuel energy resources and further provided that no such transaction could be approved without prior congressional adoption of a concurrent resolution of approval. The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of \$50 million or more to a Communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 25 legislative days prior to final approval of any proposed transaction involving a loan, or financial guarantee, or combination thereof, of \$60 million or more to any country, or a loan, financial guarantee, or combination thereof of \$25 million or more for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics, and specifying what such a statement should contain, with reporting requirements similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of \$40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of \$50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the National interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles or supplies which are or may be in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank may not assist exports to any country, agency or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of \$300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a \$300-million ceiling with a provision that the ceiling may be raised on a determination by the President that raising the ceiling is in the national interest, a submission of that determination by the President to both Houses of Congress, together with a justification for the new ceiling, and the adoption by the Congress of a concurrent resolution approving the determination.

In addition, the conferees agreed that within such \$300,000,000 limitation, there could be no loans or guarantees for the production of fossil fuel energy resources in the Soviet Union and that only \$40,000,000 thereof could be used for fossil fuel research or exploration. However, the conferees also agreed that the President could establish a higher overall ceiling and within such overall ceiling, separate amounts which would be available for research, exploration, and production if the Congress agrees by concurrent resolution.

It is the intent of the conferees that the legislative language dealing with quantitative and qualitative restriction with respect to loans and guarantees for the export of goods and services to the Soviet Union is in the nature of a policy. It is not the intent of the conferees that any proposed loan or guarantee with respect to a specific transaction be the subject of review by the Congress on a transaction-by-transaction basis.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in

connection with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its programs to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, The Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted lan-

guage which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The House receded to the Senate with an amendment which would make such provision effective at the close of September 30, 1976.

The conferees agreed to this amendment with the full knowledge that this is a matter for consideration by the Budget Committees of the House and the Senate. This action by the conferees is in no way intended to pre-judge the recommendations of the Budget Committees with respect to the question of inclusion of the Bank in the Unified Budget.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

WRIGHT PATMAN,
T. ASHLEY,
THOMAS REES,
FARREN J. MITCHELL,
FERNAND ST GERMAIN,
RICHARD T. HANNA,
EDWARD KOCH,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
GARRY BROWN,
ALBERT W. JOHNSON,

Managers on the Part of the House.

JOHN SPAREMAN,
WILLIAM PROKMER,
HARRISON WILLIAMS, Jr.,
ALAN CRANSTON,
ADLAI STEVENSON III,
THOMAS J. MCINTYRE,
JOHN TOWER,
EDWARD BROOKE,
BOB PACKWOOD,
BILL BROCK,
WALLACE BENNETT,
WILLIAM D. HATHAWAY,
LOWELL WECKER, Jr.,

Managers on the Part of the Senate.

(House Proceedings of Today Will Be Continued in the Next Issue of the Record)

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. PATMAN (at the request of Mr. O'NEILL), after 5 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 45 minutes, today; and to revise and extend his remarks and include extraneous matter.

Mr. PATMAN, for 45 minutes, on December 19; and to revise and extend his remarks and include extraneous matter.

Mr. GONZALEZ, for 60 minutes, on Friday, December 20, and to revise and ex-

tend his remarks and include extraneous matter.

Mr. ROONEY of New York to address the House today for 60 minutes.

(The following Members (at the request of Mr. TOWELL of Nevada) and to revise and extend their remarks and include extraneous matter:)

Mr. STEELMAN, for 5 minutes, today.

Mr. CONLAN, for 10 minutes, today.

Mr. EDWARDS of Alabama, for 5 minutes, today.

Mr. FRENZEL, for 60 minutes, today.

Mr. RUPPE, for 10 minutes, today.

Mr. DUNCAN, for 10 minutes, on December 19.

The following Members (at the request of Mr. GINN) to revise and extend their remarks and include extraneous material:

Mr. ULLMAN, for 10 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. GINN, for 5 minutes, today.

Mr. MELCHER, for 5 minutes, today.

Mr. HAMILTON, for 5 minutes, today.

Ms. ABZUG, for 5 minutes, today.

Mr. MCKAY, for 5 minutes, today.

Mr. MANN, for 60 minutes, on December 19, 1974.

Mr. DAVIS of South Carolina, for 60 minutes, on December 19, 1974.

Mr. MURPHY of New York, for 60 minutes, on December 19, 1974.

Mr. ALEXANDER, for 15 minutes, on December 19, 1974.

Mr. ALEXANDER, for 15 minutes, on December 20, 1974.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

EXPORT-IMPORT BANK ACT AMENDMENTS

DECEMBER 18, 1974.—Ordered to be printed

Mr. PATMAN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 15977]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SEC. 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a) (1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the

President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States."

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b)(2) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c)(1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974

shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

- (1) by inserting "(a)" after "Sec. 7";
- (2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and
- (3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the bank shall not approve any loans or financial guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$900,000,000. No such loan or financial guarantee, or combination thereof, shall be for the purchase, lease, or procurement of any product or service for production (including processing and distribution) of fossil fuel energy resources. Not more than \$40,000,000 of such aggregate amount shall be for the purchase, lease, or procurement of any product or service which involves research or exploration of fossil fuel energy resources. The President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, including the amount of such proposed increase which would be available for the export of products and services for research, exploration, and production (including processing and distribution) of fossil fuel energy resources in the Union of Soviet Socialist Republics, and if, after receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:
 "Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

REPEAL OF SECTION 2(a)(2)

SEC. 13. Effective at the close of September 30, 1976, section 2(a)(2) of the Export-Import Bank Act of 1945 is repealed.
 And the Senate agree to the same.

WRIGHT PATMAN,
 THOMAS ASHLEY,
 THOMAS REES,
 PARREN J. MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD KOCH,
 JOHN J. MOAKLEY,
 WILLIAM B. WIDNALL,
 GARRY BROWN,
 ALBERT W. JOHNSON,

Managers on the Part of the House.

JOHN SPARKMAN,
 WILLIAM PROXMIRE,
 HARRISON WILLIAMS, JR.,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS J. MCINTYRE,
 JOHN TOWER,
 EDWARD BROOKE,
 BOB PACKWOOD,
 BILL BROCK,
 WALLACE BENNETT,
 WILLIAM D. HATHAWAY,
 LOWELL WEICHER, JR.,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b) (1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting Government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semiannual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semiannual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semiannual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is unavailable." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained provisions requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of \$60 million or more and specified what such a statement should contain. It also contained a requirement that the President of the Bank transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a Communist country involves research, exploration, or production of fossil fuel energy resources and further provided that no such transaction could be approved without prior congressional adoption of a concurrent resolution of approval. The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of \$50 million or more to a Communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 25 legislative days prior to final approval of any proposed transaction involving a loan, or financial guarantee, or combination thereof, of \$60 million or more to any country, or a loan, financial guarantee, or combination thereof of \$25 million or more for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics, and specifying what such a statement should contain, with reporting requirements similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of \$40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of \$50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the national interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles or supplies which are or may in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank may not assist exports to any country, agency or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of \$300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a \$300-million ceiling with a provision that the ceiling may be raised on a determination by the President that raising the ceiling is in the national interest, a submission of that determination by the President to both Houses of Congress, together with a justification for the new ceiling, and the adoption by the Congress of a concurrent resolution approving the determination.

In addition, the conferees agreed that within such \$300,000,000 limitation, there could be no loans or guarantees for the production of fossil fuel energy resources in the Soviet Union and that only \$40,000,000 thereof could be used for fossil fuel research or exploration. However, the conferees also agreed that the President could establish a higher overall ceiling and within such overall ceiling, separate amounts which would be available for research, exploration, and production if the Congress agrees by concurrent resolution.

It is the intent of the conferees that the legislative language dealing with quantitative and qualitative restriction with respect to loans and guarantees for for the export of goods and services to the Soviet Union is in the nature of a policy. It is not the intent of the conferees that any proposed loan or guarantee with respect to a specific transaction be the subject of review by the Congress on a transaction-by-transaction basis.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in connec-

tion with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its programs to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, The Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted language which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The House receded to the Senate with an amendment which would make such provision effective at the close of September 30, 1976.

The conferees agreed to this amendment with the full knowledge that this is a matter for consideration by the Budget Committees of

the House and the Senate. This action by the conferees is in no way intended to prejudge the recommendations of the Budget Committees with respect to the question of inclusion of the Bank in the Unified Budget.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

WRIGHT PATMAN,
 THOMAS ASHLEY,
 THOMAS REES,
 PARREN J. MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD KOCH,
 JOHN J. MOAKLEY,
 WILLIAM B. WIDNALL,
 GARRY BROWN,
 ALBERT W. JOHNSON,

Managers on the Part of the House.

JOHN SPARKMAN,
 WILLIAM PROXMIRE,
 HARRISON WILLIAMS, Jr.,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS J. McINTYRE,
 JOHN TOWER,
 EDWARD BROOKE,
 BOB PACKWOOD,
 BILL BROCK,
 WALLACE BENNETT,
 WILLIAM D. HATHAWAY,
 LOWELL WEICKER, Jr.,

Managers on the Part of the Senate.



AMENDING THE EXPORT-IMPORT BANK ACT OF 1945,
AND FOR OTHER PURPOSES

AUGUST 6, 1974.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency,
submitted the following

REPORT
together with
SUPPLEMENTAL VIEWS

[To accompany H.R. 15977]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On page 2, strike out lines 7 through 9 and insert in lieu thereof the following: section 501 of title 44 of the United States Code."

On page 2, line 13, insert a semicolon after "jurisdiction" and before the quotation marks.

On page 2, immediately following line 13, insert the following new subsection:

(d) Section 2(a)(2) of such Act is repealed. Section 2(a)(1) is amended by striking out "(1)".

On page 3, beginning in line 6, strike out", guarantee, or insurance or combination thereof".

On page 3, beginning in line 11, strike out", guarantee, or insurance or combination thereof".

On page 3, line 22, strike out "the rate at" and all that follows down through line 24 and insert in lieu thereof the following: *and* the approximate rate and repayment terms at which such financing will be made available."

On page 4, immediately following line 12, insert the following new subsection:

(d) Section 2(b) of such Act is further amended by adding at the end thereof the following new paragraph:

(8) The Bank shall not guarantee, insure or extend credit to Turkey or an agency or national thereof until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic."

NEED FOR THE LEGISLATION

BACKGROUND

The Export-Import Bank Act of 1945 created the Export-Import Bank of the United States. The objectives and purposes of the Bank pursuant to this legislation are to aid in financing and to facilitate exports and imports between the United States and foreign countries. Congress has further specified in the Act that it is the policy of the United States to foster expansion of the exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective the Act directs the Bank to provide guarantees, insurance, and credit at rates, terms, and conditions which are competitive with the government-supported rates, terms, and conditions available for the financing of exports from the other principal exporting countries.

Over the life of the 1945 Act, the United States has relied on an export surplus to pay for essential imports and to offset other outflows in its international accounts. In recent years, imports have grown more rapidly than exports; and in 1971 and 1972 the United States registered its first trade deficits in this century.

Between 1970 and 1973 U.S. exports rose from \$43 to \$71 billion, up 66 percent. Concurrently, U.S. imports increased by 73 percent, from \$40 to \$69 billion. Our trade balance was in deficit by \$2.1 billion in 1971 and \$6.4 billion in 1972. In 1973 we registered a trade surplus of \$1.7 billion. Current estimates call for an overall deficit for 1974 of more than \$4 billion—close to the amount that helped bring on the second dollar devaluation seventeen months ago.

Devaluation contributes to inflation at home by increasing the cost of everything we need to import. It has been estimated that one-fifth of our current inflation is imported.

The Subcommittee on International Trade, in hearings held in April and May, received testimony indicating that the official export credit agencies of other major industrial countries continue to provide substantial financial support to their exporters. It was indicated that Western Europe and Japan have covered about \$65 billion in export shipments in 1973 through official export support agencies versus about \$7 billion of export shipments covered by the Export-Import Bank. The agencies of the United Kingdom, France, Japan, and Germany had outstanding commitments more than three times that of the Bank. The technique for assembling attractive export financing varies from country to country. Other countries can offer a mix of aid and trade credits, bilateral arrangements for large credits on

special terms, and trade agreements between governments to provide support beyond ordinary international financing practice.

The Export-Import Bank typically lends no more than 45 percent of the value of exports covered by its loans, with the balance representing a 10 percent buyer cash payment and 45 percent commercial bank financing at market rates of interest. Other countries typically apply their low, government-support interest rates to larger proportions of the transaction, although they have other charges which raise the cost of export credit. The net result of these differences is that the effective cost of our export credit generally is higher than that of our major competitors with the exception of Germany.

This year many countries are striving to increase their exports to pay for much more costly oil and other essential imports. As a result, international competition for export markets is more intense than ever before.

Exports pay for the goods we need to import to keep our farms and factories operating and thus sustain jobs. Production for exports also creates jobs and profits and tax revenues for federal, state, and local government. The U.S. consumer directed benefits from exports through lower prices resulting from the larger production runs and economy of scale our companies achieve by supplying export markets. By diversifying sales to foreign markets U.S. producers can help to avoid production and job cutbacks from declining sales in the domestic market.

The largest part of U.S. exports can—and should—proceed without any support from the Export-Import Bank. This has always been the case. Bank support is critical, however, in enabling U.S. manufacturers to compete for foreign orders when foreign suppliers are receiving extensive financial support from their governments, and in mobilizing and combining with private capital to enable U.S. manufacturers to compete for projects which, because of their size or amortization period cannot be financed with private capital alone.

THE LEGISLATION

Legislation requested by the Administration to extend the Export-Import Bank Act and to amend it, H.R. 13838, was referred to the Committee on April 1 and hearings on it and other international economic policy legislation were held for nine days before the Subcommittee on International Trade from April 22 to May 2.

The principal features of H.R. 13838 were proposals to amend the Act to extend the life of the Bank for four years to June 30, 1978, to increase its overall loan, guarantee, and insurance authority from \$20 to \$30 billion, and to increase its authority to guarantee and insure on a fractional reserve basis from \$10 billion to \$20 billion.

On the basis of testimony received, the Subcommittee recommended legislation in the form of the clean bill H.R. 15977, introduced on July 18, 1974. The Committee adopted H.R. 15977 by voice vote, with amendments.

H.R. 15977 would increase the overall lending authority of the Bank from \$20 to \$25 billion. It is the view of the Committee that this increase, to an amount sufficient to maintain a growth in the activity of the Bank at current levels for a period of two years, would be desir-

able. This lesser authorization would afford the Congress the opportunity for a timely review of the activities of the Bank within two years.

It is the intention of the Committee that the Export-Import Bank should vary its rates, terms and other conditions in ways which will help to maximize the future growth of United States exports and to strengthen the United States industrial base through these sales in foreign markets. The Bank should avoid extending direct credit when United States suppliers have a competitive advantage so great that concessionary rates and terms are unnecessary to obtain a sale. When the credit of the Bank is necessary, the Bank should adjust its rates and terms so that they are as close as possible to market rates and terms within the framework of competitive requirements.

The Bank should provide its strongest support for those products and projects which show the greatest promise of future long-term export growth, by laying the groundwork for repeat orders, spare parts sales, and additions to plants and systems, such as communications, for example, particularly when transactions involving such products or projects face strong foreign competition. The Bank should give particular attention in its programs to the sophisticated products of smaller firms which, by reason of their comparative lack of access to the private capital market, are less able to help assure future long-term growth of such exports. Lesser priority should be attached to support of those products and projects which face competition but which do not offer a comparable prospect for future growth in export sales. Still less priority should be attached to the support of those products and projects which have a low export growth prospect or which do not face foreign competition.

In the interest of facilitating Congressional review and formulation of policy, the semi-annual report on competitiveness shall include the following:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semi-annual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semi-annual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the Committee at the time of their issuance.

H.R. 15977 reflects the concern of the Committee about the disparity between prevailing rates of interest in the domestic market and rates prevailing through government-assisted export credit programs offered by the principal exporting countries of the world. The Committee notes that the Bank has responded to the Committee's concern and has been taking positive steps along this line by reducing its proportion of direct lending in particular transactions and by varying the interest rate it charges. While the prime rate of large private commercial banks in the United States has recently been in the range of 11 to 12 percent, the Export-Import Bank, in order to maintain the competitiveness of U.S. exports and thus maintain high levels of employment and real income and the increased development of our productive resources, has been maintaining a rate of interest ranging from 7 to 8.5 percent, thus realizing an effective rate of 9.5 to 11 percent to foreign buyers. The interest rate recently charged or supported by principal foreign government export supporting agencies have been as follows: United Kingdom, 6 to 8.5 percent; France, 6.6 to 6.75 percent; Germany, 8.25 to 8.75 percent; Italy, 6 to 7.5 percent, and Japan, 5.5 to 8.5 percent. In the interest of bringing export credit rates more closely into line with market rates, the bill directs the Bank to seek to minimize competition in government-supported export financing in cooperation with the export financing instrumentalities of other governments:

The Subcommittee on International Trade received extensive testimony on the rapid growth in trade and related credits, present and prospective, with the Soviet Union. The testimony pointed to the prospect of rapid growth of U.S. exports to the U.S.S.R. on credit, including transactions of a size and character with significant public policy implications, including national energy sourcing. The Committee bill contains an amendment which would require that no loan made to a communist country which equals or exceeds \$50 million shall be finally approved by the Bank unless the Bank has submitted to Congress a statement explaining the proposed transaction at least 30 legislative days prior to the date of final approval. This assures that the Congress will have time to review the policy implications of such proposed transactions and to take such action as it may deem desirable.

H.R. 15977 takes specific cognizance of the interest, concern, and intent of the Congress with respect to the problems of persons seeking to emigrate from the Soviet Union, expressed in H.R. 10710, "The Trade Reform Act of 1973," which passed the House in the first session. H.R. 15977, as introduced, contains an amendment to the Export-Import Bank Act prohibiting the participation by the Soviet Union

in any United States Government credit or guarantee program while H.R. 10710 is pending before the Senate.

COMMITTEE AMENDMENTS

The Committee adopted, by a recorded vote of 17 ayes, 15 nays, an amendment which would repeal provisions of the Export-Import Bank Act excluding the receipts and disbursements of the Bank from the totals of the budget of the U.S. Government and exempting them from annual expenditure and net lending (budget outlays) limitations imposed on the budget by the U.S. Government.

It is the view of the Committee that inclusion of the receipts and disbursements of the Bank in the unified budget will facilitate closer Congressional scrutiny of the impact of the Bank's activity on the economy as a whole.

The Committee adopted, by a recorded vote of 19 ayes, 17 nays, an amendment which would provide that the Bank shall not guarantee, insure, or extend credit to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic.

It is the view of the Committee that the proposed amendment will impress upon the Turkish government the American resolve to curtail the heroin traffic coming into this country.

SECTION-BY-SECTION ANALYSIS

SECTION 1

Section 1(a) would amend section 2(a)(1) of the Export-Import Bank Act of 1945 to include for purposes of clarification the express power to insure, coinsure, and reinsure; which is presently implied in the general enabling powers contained in this section as well as specifically authorized in section 2(c)(1) of the Export-Import Bank Act of 1945.

Section 1(b) would amend section 2(a)(1) of the Export-Import Bank Act of 1945 to grant the Bank the authority to contract directly with commercial printers to permit the Bank to have its printing done outside of the Government Printing Office.

Section 1(c) would amend section 2(a)(1) of the Export-Import Bank Act of 1945 to grant the Bank authority to hire outside counsel in legal and arbitral proceedings taking place outside of the United States.

Section 1(d) would repeal section 2(a)(2) of the Export-Import Bank Act of 1945 which excludes the receipts and disbursements of the Bank from the budget of the United States Government and exempts the Bank from annual expenditure and net lending limitations imposed on the budget.

SECTION 2

This section would amend section 2(b)(1) of the Export-Import Bank Act of 1945 in order to require the Bank to cooperate with the export financing instrumentalities of other governments to minimize competition in Government-supported export financing.

SECTION 3

Section 3(a) would amend section 2(b)(2) of the Export-Import Bank Act of 1945 to provide that a determination of national interest made by the President with respect to a Communist country under such section covers subsequent transactions involving Eximbank financing to that country, and that a separate Presidential determination is not required for each specific transaction.

Section 3(b) would add an additional paragraph to section 2(b) of the Export-Import Bank Act of 1945 to require that the Bank submit a statement to Congress explaining any Bank loan to a Communist country, agent, or national thereof which aggregates \$50 million or more. This statement must be submitted at least 30 legislative days prior to final approval of the transaction of which the loan is a part. It is to include a brief description of the purposes of the transaction, the identity of the party or parties requesting Bank financing, the nature of the goods or services to be exported, the use for which the goods or services are to be exported, a full explanation of the necessity for Bank financing of the transaction, the amount of the Bank financing, and the approximate rate and repayment terms.

Section 3(c) would add an additional paragraph to section 2(b) of the Export-Import Bank Act of 1945 to prohibit the participation by the Soviet Union in any United States Government credit or guarantee program, including those of the Bank, while H.R. 10710, the Trade Reform Act of 1973, is pending before the United States Senate.

Section 3(d) would add an additional paragraph to section 2(b) of the Export-Import Bank Act of 1945 to direct the Bank not to participate in any extension of credit to Turkey, or any agency or national thereof, until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic.

SECTION 4

This section would amend section 2(c)(1) of the Export-Import Bank Act of 1945 to authorize the Bank to charge its overall commitment authority for no less than 25 percent of its contractual liability on outstanding guarantees and insurance.

This section would raise the amount which may be charged on a fractional basis from \$10 billion to \$20 billion.

SECTION 5

This section would amend section 7 of the Export-Import Bank Act of 1945 to increase the aggregate amount of loans, guarantees, and insurance which the Bank may have outstanding at any one time from the present limit of \$20 billion to \$25 billion.

SECTION 6

This section would amend section 8 of the Export-Import Bank Act of 1945 to extend the power of the Bank to exercise its functions until June 30, 1978.

SECTION 7

This section would amend section 5202 of the Revised Statutes (12 U.S.C. 82) to permit national banks to exclude borrowings from the Bank from the limitation on their aggregate indebtedness permitted under the National Bank Act.

CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

EXPORT-IMPORT BANK ACT OF 1945

* * * * *

SEC. 2(a) [(1)] There is hereby created a corporation with the name of the Export-Import Bank of the United States, which shall be an agency of the United States of America. The objects and purposes of the Bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof. In connection with and in furtherance of its objects and purposes, the Bank is authorized and empowered to do a general banking business except that of circulation; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; *to insure, coinsure, and reinsure*; to purchase, sell, and guarantee securities but not to purchase with its funds any stock in any other corporation except that in may acquire any such stock through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness to it; to accept bills and drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to perform any act herein authorized in participation with any other person, including any individual, partnership, corporation, or association; to adopt, alter, and use a corporate seal, which shall be judicially noticed; to sue and to be sued, to complain and to defend in any court of competent jurisdiction; *to retain legal counsel to represent it in any legal or arbitral proceeding in any foreign country*; and the enumeration of the foregoing powers shall not be deemed to exclude other powers necessary to the achievement of the objects and purposes of the Bank. The Bank shall be entitled to the use of the United States mails in the same manner and upon the same conditions as the executive departments of the Government. *The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to section 501 of title 44 of the United States*

Code. The Bank is hereby authorized to use all of its assets and all moneys which have been or may hereafter be allocated to or borrowed by it in the exercise of its functions. Net earnings of the Bank after reasonable provision for possible losses shall be used for payment of dividends on capital stock. Any such dividends shall be deposited into the Treasury as miscellaneous receipts.

[(2) The receipts and disbursements of the Bank in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government. In accordance with the provisions of the Government Corporation Control Act, the President shall transmit annually to the Congress a budget for program activities and for administrative expenses of the Bank, which budget shall also include the estimated annual net borrowing by the Bank from the United States Treasury. The President shall report annually to the Congress the amount of net lending of the Bank, including any net lending created by the net borrowing from the United State Treasury, which would be included in the totals of the budget of the United States Government if the Bank's activities were not excluded from those totals as a result of this section.]

(b) (1) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed in the exercise of its functions to provide guarantees, insurance, and extensions of credit at rates and on terms and conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. *The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in Government-supported export financing.* The Export-Import Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with this directive. In this report the Export-Import Bank shall survey all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters and indicate in specific terms the ways in which Export-Import Bank rates, terms, and other conditions are equal or superior to those offered from such other governments directly or indirectly. Further, the Export-Import Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report provided for under this section. It is further the policy of the United States that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital; that the Bank shall accord equal opportunity to export agents and man-

agers, independent export firms, and small commercial banks, in the formulation and implementation of its programs; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a), shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing such loans the Board of Directors should take into account the possible adverse effects upon the United States economy.

(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961, as amended), or agency or national thereof, or

(B) in connection with the purchase or lease of any product by any other foreign country, or agency, or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), except that the prohibitions contained in this paragraph shall not apply in the case of [any transaction] *transactions* which the President determines would be in the national interest if he reports that determination [to the Senate and House of Representatives] *with respect to a particular country to Congress* within thirty days after [making the same] *final approval of the first such transaction.*

* * * * *

(6) *No loan made to a Communist country or agent or national thereof in an amount which equals or exceeds \$50,000,000 shall be finally approved by the Board of Directors of the Bank unless the Bank has submitted to the Congress with respect to such loan a statement explaining the transaction at least thirty legislative days prior to the date of final approval. Such statement shall contain the following:*

(A) *A brief description of the purposes of the transaction, the identity of the party or parties requesting Bank financing, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and*

(B) *A full explanation of the necessity for Bank financing of the transaction, the amount of the financing to be provided by the Bank, and the approximate rate and repayment terms at which such financing will be made available.*

(7) *Pending consideration and action by the Senate upon the bill H.R. 10710, as introduced in the first session of this Congress, cited as the "Trade Reform Act of 1973", and as amended and passed by the House, no loan, guarantee, issuance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics, and the Union of Soviet Socialist Republics shall not participate in any program of the Government of the United States which extends credits or credits guarantees or investment guarantees, directly or indirectly.*

(8) *The Bank shall not guarantee, insure, or extend credit to Turkey or an agency or national thereof until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic.*

[(c) (1) The Export-Import Bank of the United States, in furtherance of its objects and purposes under this Act, is authorized and empowered to guarantee, insure, coinsure, and reinsure United States exporters and foreign exporters doing business in the United States in an aggregate amount not in excess of \$10,000,000,000 outstanding at any one time against political and credit risks of loss arising in connection with United States exports; and to establish and maintain fractional reserves in connection therewith. The reserves maintained by the Bank for the guarantees, insurance, coinsurance, or reinsurance issued pursuant to this section shall be not less than 25 per centum of the related contractual liability of the Bank. Insofar as contracts of guarantee, insurance, coinsurance, and reinsurance are concerned, only that part of the Bank's liabilities represented by reserves provided for above shall be taken into account for the purposes of applying the limitations imposed by section 7 of this Act. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.]

(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.

* * * * *

Sec. 7. The Export-Import Bank of the United States shall not have outstanding at any one time loans, guarantees, and insurance in an aggregate amount in excess of ~~[\$20,000,000,000]~~ \$25,000,000,000.

Sec. 8. Export-Import Bank of the United States shall continue to exercise its functions in connection with and in furtherance of its objects and purposes until the close of business on ~~[July 30, 1974]~~ June 30, 1978, but the provisions of this section shall not be construed as preventing the Bank from acquiring obligations prior to such date which mature subsequent to such date or from assuming prior to such date liability as guarantor, endorser, or acceptor of obligations which mature subsequent to such date or from issuing, either prior or subsequent to such date, for purchase by the Secretary of the Treasury or any other purchasers, its notes, debentures, bonds, or other obligations which mature subsequent to such date or from continuing as a corporate agency of the United States and exercising any of its functions subsequent to such date for purposes of orderly liquidation, including the administration of its assets and the collection of any obligations held by the Bank.

SECTION 5202 OF THE REVISED STATUTES

SEC. 5202. No national banking association shall be at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining un-

diminished by losses or otherwise, plus 50 percent of the amount of its unimpaired surplus fund, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

Sixth. Liabilities incurred under the provisions of the Federal Deposit Insurance Act.

Seventh. Liabilities created by the indorsement of accepted bills of exchange payable abroad actually owned by the indorsing bank and discounted at home or abroad.

Eighth. Liabilities incurred under the provisions of section 202 of Title II of the Federal Farm Loan Act, approved July 17, 1916, as amended by the Agriculture Credits Act of 1923.

Ninth. Liabilities incurred on account of loans made with the express approval of the Comptroller of the Currency under paragraph (9) of section 5200 of the Revised Statutes, as amended.

Tenth. Liabilities incurred under the provisions of section 13b of the Federal Reserve Act.

Eleventh. Liabilities incurred in connection with sales of mortgages, or participations therein, to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States.

SUPPLEMENTAL VIEWS OF REPRESENTATIVE HENRY S. REUSS

I concur in support of H.R. 15977. But the serious questions raised during the Committee's debate merit some further discussion.

I appreciate the economic importance of exports, and I support effective efforts to expand our export sector. Export-Import Bank credit subsidies continue to be an effective means of countering foreign export promotion, even though the need for such subsidies is diminished by floating exchange rates and the establishment of a market price for the dollar.

My reservations with respect to the Export-Import Bank center on two issues: first, in some areas the Bank has failed to make effective use of its resources; and second, the Congress has not exercised adequate control over the activities of the Bank.

There is ample evidence that the Bank has not effectively channeled its vast resources to their best uses. Instead, the Bank has engaged in unrelenting, indiscriminate growth, often extending credit without reasonable justification. The Bank expanded its activity by 363 percent between 1969 and 1972, at a time when total U.S. exports increased by only 31 percent. This year, the Bank requested an increase in its lending authority of \$10 billion, or an additional 50 percent. In the presence of evidence that Exim has not used its existing authority in an effective way, so large a request was unwarranted. I believe the Committee acted wisely in limiting the increase in Eximbank lending authority to \$5 billion.

The Bank has failed in the past to adjust the interest rates and credit terms it provides to the competitive requirements of each transaction. For example, loans were often extended at 6 percent (or more recently 7 percent) when a rate much closer to that obtainable on the commercial market would have sufficed to ensure a sale. The result has been a reduction in export receipts. Lately, under pressure the Bank has agreed to vary its rates within a corridor of 7 to 8½ percent. This is a worthwhile step toward realism. The Bank should also move to reduce the generosity of its terms and other conditions.

In some sectors, the Bank has provided credit where there is clear evidence that credit was unnecessary. Long-range jet aircraft, an American monopoly, provide the most flagrant abuse of this kind. Foreign air carriers, which have little competitive choice but to buy American 747's, L-1011's and DC-10's, have been able to obtain credit from the Eximbank at rates which are unavailable to our domestic air carriers. A Treasury Staff Study over two years ago called for an end to this practice. There is no competition from foreign sources for our long range planes. The oft-mentioned European Airbus, which is the only foreign-made widebodied plane, has too short a range and is unsuited, for safety reasons, to high altitudes or hot climates. Yet the

Eximbank has failed to make the obvious economic judgment and deny credit where credit is clearly unneeded. It should begin to do so.

Eximbank has also subsidized the export of commodities which are scarce, such as oil drilling rigs to the Persian Gulf states, and of commodities which are currently extremely high-priced in the United States, such as cotton sold to reserve-rich Japan. In both cases, the effect of Eximbank's action was to divert vitally needed materials from the domestic economy, creating bottlenecks which have impaired our recovery from the current inflation and recession.

Further, Eximbank has shown itself far too willing to act as a credit agency for a small clientele of large corporations. Eximbank has extended credit to facilitate purely intra-corporate transactions—the export, for instance, of capital equipment from General Motors in the United States to General Motors in Brazil. Such exports do not take place on the open market, are not competitive, and would take place with or without Eximbank financing. Under these circumstances, the Bank should not extend credit. The Congress should watch carefully for similar abuses in the future.

The Bank has also on occasion failed to report adequately to the Congress. Several years ago it attempted to conceal some of the military financing in which it was engaged. The Bank's role in military sales has since been reduced. It should soon be eliminated altogether. The Bank should also make more complete reports to the Congress on competition by foreign export financing instrumentalities, as provided in the Bank charter.

The Committee took an important step in the right direction by placing the Export-Import Bank back in the budget. The Bank will henceforth be evaluated each year for its inflationary impact, and will come under the purview of the newly established Congressional Budget Committees. Rather than the cursory inspection to which the Bank is accustomed, there will now be close annual scrutiny by the Congress. The deficits which it incurs (\$600 million in fiscal 1973) will be recorded, as Chairman Burns of the Federal Reserve has stated they should be, in the federal budget. All this will facilitate the job of bringing the economy out of recession, and inflation under control.

Equally important, placing the Export-Import Bank in the budget will provoke serious consideration in the Congress of the total costs and benefits of the Bank. Currently, Exim is permitted a series of disguised subsidies which enable it to maintain the appearance of turning a profit. For instance, it pays only 5 percent a year to the Treasury on its original capital stock. It pays no interest on \$1.5 billion in retained earnings, although the Bank's exceedingly low rate of default on loans in no way justifies such large reserve holdings. It borrows from the Treasury at the cost of money, and can borrow on the capital markets with the full faith and credit of the United States. It has borrowed extensively from the Treasury at less than the cost of money, forcing the Treasury to absorb losses that should have been borne by the Bank. And interest from the Bank's debentures enjoy a special export tax deferral on the capital markets. With the Bank back in the budget, some of these hidden subsidies can be reexamined.

The committee report rightly directs the Bank to take heed of the competitive situation in extending loans and in setting their rates and terms. The Bank should take immediate steps to comply with this directive.

Finally, H.R. 15977 contains language calling for international negotiations to reduce competition in export financing. Such competition is truly a new protectionism—a form of protectionism which we can no more afford now than we could during the Depression. The sooner the need for institutions like Eximbank is eliminated, the healthier the world economy will be.

H. S. REUSS.

SUPPLEMENTAL VIEWS OF CONGRESSMAN THOMAS LUDLOW ASHLEY

Section 1 (d) of this bill was added in full Committee by a vote of 17-15. This subsection would include the operations of the Export-Import Bank within the Unified Budget.

The Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) enacted on July 12, 1974, specifically provides in Section 606:

The Committees on the Budget of the House of Representatives and the Senate shall study on a continuing basis those provisions of law which exempt agencies of the Federal government, or any of their activities or outlays, from inclusion in the Budget of the United States Government transmitted by the President under Section 201 of the Budget and Accounting Act, 1921. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.

This very important legislation specifically instructs the Budget Committees to investigate and report their determination on whether current off-budget agencies should be returned to the Budget. Such studies have not been concluded since the law was so recently enacted. I believe that no action should be taken on any individual agency until the committees specifically instructed by the Congress to study and recommend on the matter have responded to this mandate.

In the case of the Export-Import Bank, Congress in 1971, after detailed and extensive hearings in both Houses, removed the Bank from the Budget by an overwhelming vote because the Bank does not use appropriated funds and because its expenditures result in and are offset by obligations payable to the Bank which have proven to be 99.98% collectible. The Bank operates without appropriated funds, and has paid a total of \$906 million in dividends to the United States Treasury. To place the Bank within the Budget under current budgetary accounting procedures distorts the effect of the Bank by impacting the Budget with a deficit of approximately \$1.5 billion annually.

If the Bank were put into the Budget, it could be forced to raise funds by selling assets from its loan portfolio in the private market. Past experience demonstrates that this would cost the Bank from 1% to 2% per annum more in interest costs than is incurred through direct borrowings. Such sales of portions of the Bank's portfolio would diminish receipts in subsequent years, thereby increasing the budget deficit in those years.

The Bank's loans are committed only within limits approved by the Office of Management and Budget and the Congress. Disbursements of loans are often made several years later. Once Ex-Im Bank makes a loan commitment, it must honor the commitment by making dis-

bursements to U.S. exporters when they ship their good abroad. If Ex-Im Bank's loan disbursements are treated as budgetary expenditures, Budget requirements would impose constraints on commitments legally entered into several years earlier.

The Bank's exclusion from the Unified Budget in no way weakens Congressional control over the level of Ex-Im Bank's activities because:

Specific annual authorizations and expense ceilings are recommended each year by the Appropriations Committee of both Houses and acted on by Congress in the Foreign Assistance and Related Programs Appropriations Act.

Annually, the Bank reviews pending loan applications, loan forecasts, and availabilities of private funds for export financing. It justifies required activity levels for the fiscal year to the Office of Management and Budget and the Congress. These levels are part of the Bank's annual budget, are printed in the Budget of the United States Government, and are transmitted by the President to the Congress.

In accordance with the provisions of the Government Corporation Control Act, the President transmits annually to the Congress the budget for program activities and administrative expenses of the Bank.

The overall limitations on the Bank's activities during its statutory life are recommended by the Banking Committees of both Houses and approved by the Congress in the Bank's enabling legislation.

THOMAS LUDLOW ASHLEY.

SUPPLEMENTAL VIEWS OF CONGRESSMEN ROUSSELOT, BLACKBURN, CONLAN, AND CRANE

As reported, H.R. 15977 does not adequately deal with our concerns, and those expressed by witnesses who appeared before the International Trade Subcommittee, with regard to the Export-Import Bank transactions with Communist countries.

Under Article I, Section 8 of the Constitution, Congress is given the responsibility "To regulate commerce with foreign nations."

This bill does not give Congress oversight responsibility concerning the Bank's transactions with Communist countries, but rather only requires the Bank to give Congress a 30-day prior notification of those direct loans to a Communist nation which are over \$50,000,000. This is purely a notification procedure, and no vehicle is provided for Congressional action to approve or disapprove of the proposed deal. In addition, the provision only applies to direct loans, and would not include guarantees, or insurance.

We do not share the view of the Committee that only direct loans over \$50 million should receive Congressional attention. We favor amending the legislation to require that any transaction of the Bank with a Communist country (as defined in Section 620(f) of the Foreign Assistance Act of 1961, as amended) require Congressional approval before it can proceed. It is only through this direct participation that Congress can be assured that the nation interest is being served.

An additional provision in Sec. 3 of H.R. 15977 would write into the Act that no loans, guarantees, insurance, or credits will be extended, directly or indirectly, to the U.S.S.R. during the period pending consideration and action by the Senate on H.R. 10710, the trade reform bill. We support expanding this provision to include the language in the trade reform legislation, as passed by the House by a recorded vote of 319-80, which would prohibit loans, credits, guarantees, or insurance from being extended to any nonmarket economy country which denies its citizens the right of emigration. The amendment which we propose would reinforce the intent of the House that the Export-Import Bank of the United States should not be used by those countries which deny this most basic right. Moreover, it would leave intact the present language in H.R. 15977, which is designed to prohibit for the duration of Senate consideration of H.R. 10710, any transactions of the Bank with the U.S.S.R.

These amendments were not offered in Committee because the Committee limited debate on amendments to a temporary "two-minute" rule. We do not believe that this procedure allowed for adequate debate and discussion of this legislation.

In summary, the amendments which we believe are necessary to make this a meaningful bill are:

1. To require that Congress approve transactions with Communist countries before they can be finalized.

2. To include the provision, which was overwhelmingly approved by the House when it considered the trade reform legislation, prohibiting the Bank from engaging in transactions with nonmarket economy countries which deny the basic right of emigration.

We believe these amendments are consistent with the Constitutional prerogative to regulate foreign trade, and necessary to reassert Congressional responsibility in this area.

JOHN H. ROUSSELOT,
PHILIP M. CRANE,
BEN B. BLACKBURN,
JOHN B. CONLAN.

○

EXPORT-IMPORT BANK ACT AMENDMENT

OCTOBER 8, 1974.—Ordered to be printed

Mr. PATMAN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 15977]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SEC. 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) *by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;"*

(2) *by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"*; and

(3) *by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."*

POLICY

SEC. 3. Section 2(b) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(b) (1) (A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests

of small business concerns in order to preserve free competitive enterprise' and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States."

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

“(3) No loan in an amount which equals or exceeds \$50,000,000 shall be finally approved by the Board of Directors of the Bank unless the Bank has submitted to the Congress with respect to such loan a detailed statement describing and explaining the transaction at least thirty days prior to the date of final approval. Such statement shall contain—

“(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

“(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, and the approximate rate and repayment terms at which such loan will be made available.”.

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(c)(1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.”.

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: “Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of compara-

ble maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury.”.

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting “(a)” after “Sec. 7”;

(2) by striking out “\$20,000,000,000” and inserting in lieu thereof “\$25,000,000,000”; and

(3) by adding at the end thereof the following:

“(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000, except that the President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor.”.

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out “October 15, 1974” and inserting in lieu thereof “June 30, 1978”.

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

“SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

“(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns.”

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

“Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States.”.

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee,

insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

And the Senate agree to the same.

WRIGHT PATMAN,
 THOMAS L. ASHLEY,
 THOMAS M. REES,
 PARREN MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD I. KOCH,
 ANDREW YOUNG,
 JOHN J. MOAKLEY,
 W. B. WIDNALL,
 GARRY BROWN,
 ALBERT W. JOHNSON,
 STEWART B. MCKINNEY,
 BILL FRENZEL,

Managers on the Part of the House.

JOHN SPARKMAN,
 HARRISON WILLIAMS,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS McINTYRE,
 JOHN TOWER,
 EDWARD W. BROOKE,
 ROBT. PACKWOOD,
 BILL BROCK,
 WALLACE F. BENNETT,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales"

program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semi-annual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semi-annual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is unavailable." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to

support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of \$60 million or more and specified what such a statement should contain. The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of \$50 million or more to a communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 30 days prior to final approval of any proposed transaction involving a loan of \$50 million or more to any country and specifying what such a statement should contain with reporting requirements more similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of \$40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of \$50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the national interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles or supplies which are or may be in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank may not assist exports to any country, agency or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of \$300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a \$300-million ceiling with a provision that the ceiling may be raised on a finding by the President that raising the ceiling is in the national interest and a submission of that finding by the President to both Houses of Congress, together with a justification for the new ceiling.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in connection with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a requirement that the President of the Bank shall transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a communist country involves research, exploration, or production of fossil fuel energy resources and further provides that no such transaction may be approved without prior Congressional adoption of a concurrent resolution of approval. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its programs to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary.

The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, The Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted language which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The Senate receded to the House.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

WRIGHT PATMAN,
 THOMAS L. ASHLEY,
 THOMAS M. REES,
 PARREN MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD I. KOCH,
 ANDREW YOUNG,
 JOHN J. MOAKLEY,
 W. B. WIDNALL,
 GARRY BROWN,
 ALBERT W. JOHNSON,
 STEWART B. MCKINNEY,
 BILL FRENZEL,

Managers on the Part of the House.

JOHN SPARKMAN,
 HARRISON WILLIAMS,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS MCINTYRE,
 JOHN TOWER,
 EDWARD W. BROOKE,
 ROBT. PACKWOOD,
 BILL BROCK,
 WALLACE F. BENNETT,

Managers on the Part of the Senate.

EXPORT-IMPORT BANK ACT AMENDMENTS

DECEMBER 12, 1974.—Ordered to be printed

Mr. PATMAN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 15977]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SEC. 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a) (1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;"

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise' and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the

President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved.”

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

“(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

“(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

“(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee.”

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.”.

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: “Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974

shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury.”.

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting “(a)” after “Sec. 7”;

(2) by striking out “\$20,000,000,000” and inserting in lieu thereof “\$25,000,000,000”; and

(3) by adding at the end thereof the following :

“(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000, except that the President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination.”

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out “November 30, 1974” and inserting in lieu thereof “June 30, 1978”.

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows :

“SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

“(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns.”

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following :

“Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States.”.

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

And the Senate agree to the same.

WRIGHT PATMAN,
 THOMAS ASHLEY,
 THOMAS REES,
 PARREN J. MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD KOCH,
 ANDREW YOUNG,
 JOHN J. MOAKLEY,
 WILLIAM B. WIDNALL,
 BEN BLACKBURN,
 GARRY BROWN,
 ALBERT W. JOHNSON,
 STEWART MCKINNEY,
 BILL FRENZEL,

Managers on the Part of the House.

JOHN SPARKMAN,
 HARRISON WILLIAMS, JR.,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS J. MCINTYRE,
 JOSEPH BIDEN, JR.,
 W. D. HATHAWAY,
 JOHN TOWER,
 EDWARD BROOKE,
 BOB PACKWOOD,
 BILL BROCK,
 WALLACE F. BENNETT,
 L. WEICKER, JR.,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting Government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semiannual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semiannual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semiannual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is unavailable." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained provisions requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of \$60 million or more and specified what such a statement should contain. It also contained a requirement that the President of the Bank transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a Communist country involves research, exploration, or production of fossil fuel energy resources and further provided that no such transaction could be approved without prior congressional adoption of a concurrent resolution of approval. The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of \$50 million or more to a Communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 25 legislative days prior to final approval of any proposed transaction involving a loan, or financial guarantee, or combination thereof, of \$60 million or more to any country, or a loan, financial guarantee, or combination thereof of \$25 million or more for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics, and specifying what such a statement should contain, with reporting requirements similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of \$40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of \$50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the national interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles

or supplies which are or may be in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank may not assist exports to any country, agency or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of \$300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a \$300-million ceiling with a provision that the ceiling may be raised on a determination by the President that raising the ceiling is in the national interest, a submission of that determination by the President to both Houses of Congress, together with a justification for the new ceiling, and the adoption by the Congress of a concurrent resolution approving the determination. It is not the intent of the conferees that a separate determination with respect to each proposed transaction be made.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in connection with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its programs to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, The Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted language which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The Senate receded to the House.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

WRIGHT PATMAN,
 THOMAS ASHLEY,
 THOMAS REES,
 PARREN J. MITCHELL,
 FERNAND J. ST GERMAIN,
 RICHARD T. HANNA,
 EDWARD KOCH,
 ANDREW YOUNG,
 JOHN J. MOAKLEY,
 WILLIAM B. WIDNALL,
 BEN BLACKBURN,
 GARRY BROWN,
 ALBERT W. JOHNSON,
 STEWART MCKINNEY,
 BILL FRENZEL,

Managers on the Part of the House.

JOHN SPARKMAN,
 HARRISON WILLIAMS, Jr.,
 ALAN CRANSTON,
 ADLAI STEVENSON,
 THOMAS J. MCINTYRE,
 JOSEPH BIDEN, Jr.,
 W. D. HATHAWAY,
 JOHN TOWER,
 EDWARD BROOKE,
 BOB PACKWOOD,
 BILL BROCK,
 WALLACE F. BENNETT,
 L. WEICKER, Jr.,

Managers on the Part of the Senate.

THE WHITE HOUSE

WASHINGTON

December 30, 1974

Dear Mr. Director:

The following bill was received at the White House on December 30th:

H.R. 15977

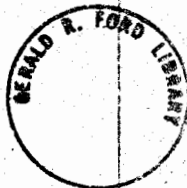
This is the corrected version of the bill. An incorrect copy of the bill had been received on December 24, 1974.

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.



December 9, 1974

Dear Mr. Director:

The following bill was received at the White House on December 9th: 30.

~~S. 4016~~

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.

the bill.
This is the corrected version of ~~H.R. 15497~~
~~The previous~~ An incorrect copy of the bill had
been received on December 24, 1974.

WAYNE L. HAYS, OHIO, CHAIRMAN

FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
LUCIEN N. NEDZI, MICH.
JOHN BRADEMANS, IND.
KENNETH J. GRAY, ILL.
AUGUSTUS F. HAWKINS, CALIF.
TOM S. GETTYS, S.C.
BERTRAM L. PODELL, N.Y.
FRANK ANNUNZIO, ILL.
JOSEPH M. GAYDOS, PA.
ED JONES, TENN.
ROBERT H. MOLLOHAN, W. VA.
EDWARD I. KOCH, N.Y.
DAWSON MATHIS, GA.
LIONEL H. VAN DEERLIN, CALIF.

WILLIAM L. DICKINSON, ALA.
SAMUEL L. DEVINE, OHIO
JAMES C. CLEVELAND, N.H.
ORVAL HANSEN, IDAHO
PHILIP M. CRANE, ILL.
JOHN WARE, PA.
BILL FRENZEL, MINN.
CHARLES E. WIGGINS, CALIF.
JAMES F. HASTINGS, N.Y.
HAROLD V. FROELICH, WIS.
M. CALDWELL BUTLER, VA.

JOHN T. WALKER, STAFF DIRECTOR

Congress of the United States

House of Representatives

COMMITTEE ON HOUSE ADMINISTRATION

SUITE H-326, U.S. CAPITOL

Washington, D.C. 20515

Mr. Robert D. Linder
Chief Executive Clerk
The White House

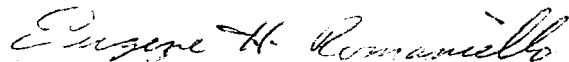
Dear Sir:

On December 24, 1974, we delivered to the White House an enrollment of the bill H.R. 15977, An Act to amend the Export-Import Bank Act of 1945, and for other purposes. The enrollment was received at the White House by Mr. Ron Geisler.

It has come to my attention that this bill was improperly enrolled and did not reflect the action of the House and Senate agreeing to the further conference report on the bill (House Report 93-1633) on December 18th and 19th, 1974.

The true enrollment is transmitted herewith.

Yours truly,



Eugene H. Romaniello
Clerk of Enrolled Bills.

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend the Export-Import Bank Act of 1945, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;"

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;" and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete

with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank’s mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise’ and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof

an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for

H. R. 15977—4

guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting "(a)" after "Sec. 7";

(2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and

(3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or financial guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000. No such loan or financial guarantee, or combination thereof, shall be for the purchase, lease, or procurement of any product or service for production (including processing and distribution) of fossil fuel energy resources. Not more than \$40,000,000 of such aggregate amount shall be for the purchase, lease, or procurement of any product or service which involves research or exploration of fossil fuel energy resources. The President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, including the amount of such proposed increase which would be available for the export of products and services for research, exploration, and production (including processing and distribution) of fossil fuel energy resources in the Union of Soviet Socialist Republics, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

H. R. 15977—5

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."


RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

REPEAL OF SECTION 2(a)(2)

SEC. 13. Effective at the close of September 30, 1976, section 2(a)(2) of the Export-Import Bank Act of 1945 is repealed.


Carl Albert
Speaker of the House of Representatives.


Hubert H. Hefner
Vice President of the United States and
President of the Senate.

December 30, 1974

Dear Mr. Director:

The following bill was received at the White House on December 30th:

H.R. 15977

This is the corrected version of the bill. An incorrect copy of the bill had been received on December 24, 1974.

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.

THE WHITE HOUSE

WASHINGTON

January 8, 1975

MEMORANDUM FOR THE RECORD:

The attached bill (H. R. 15977) was received at the White House on December 24, 1974. It had been signed by the Speaker of the House and the Acting President of the Senate pro temp. It was duly receipted for by the Records Clerk upon delivery to the White House. January 4, 1975 would have been the last day for the President to sign the bill for it to become law; if the President did not sign it on or before that date, it would have been pocket vetoed.

Subsequently, we were notified by the House Parliamentarian that the wrong conference report had been enrolled and sent to the President. A new correct version of the bill was sent to the White House on December 30, 1974 with an undated covering letter from the Clerk of Enrolled Bills (see attached copy). Since this constituted delivery of the true bill, the ten day period in which the President had to act on the bill began to run on December 31 and the last day for action was January 10, 1975.

When Congress is in Session and a substantive enrollment error is made, a joint resolution is passed requesting the bill be returned. However, Congress had adjourned on December 20, 1974 and this procedure could not be followed for H. R. 15977.

On advice of Counsel -- Ebner in OMB and Lazarus on the White House Staff (who checked with the Office of Legal Counsel in the Department of Justice) -- it was decided that a letter from an official in the House of Representatives (preferably the Speaker or the Clerk of the House) would suffice. The letter should make clear that the original enrollment received at the White House had not been passed by both Houses of Congress and was improperly enrolled. Further, it should state that the subsequent bill was the true bill passed by the Congress and properly enrolled. The fact that the Speaker of the House and the President of the Senate signed this new bill would acknowledge the previous error and indicate their approval of this procedure.

Since the old bill was superseded it was to be merely filed along with this memorandum as part of the Enrolled Bill file. It was not returned to the Congress because there had been no formal resolution requesting the return and because it had been stamped with the date of delivery to the White House. Keeping it in the White House files would avoid any confusion or misunderstanding that might arise by returning a bill which, on its face, appears to be properly enrolled and presented to the President.

The true enrolled bill delivered to the White House on December 30, 1974 was signed by the President on January 4, 1975.

A handwritten signature in cursive script, reading "Robert D. Linder". The signature is written in black ink and is positioned above the printed name and title.

Robert D. Linder
Chief Executive Clerk

WAYNE L. HAYS, OHIO, CHAIRMAN

FRANK THOMPSON, JR., N.J.
JOHN H. DENT, PA.
LUCIEN N. NEDZI, MICH.
JOHN BRADEMANS, IND.
KENNETH J. GRAY, ILL.
AUGUSTUS F. HAWKINS, CALIF.
TOM S. GETTYS, S.C.
BEKTRAM L. PODELL, N.Y.
FRANK ANNUNZIO, ILL.
JOSEPH M. GAYDOS, PA.
ED JONES, TENN.
ROBERT H. MOLLOHAN, W. VA.
EDWARD J. KOCH, N.Y.
DAWSON MATHIS, GA.
LIONEL H. VAN DEERLIN, CALIF.

WILLIAM L. DICKINSON, ALA.
SAMUEL L. DEVINE, OHIO
JAMES C. CLEVELAND, N.H.
ORVAL HANSEN, IDAHO
PHILIP M. CRANE, ILL.
JOHN WARE, PA.
BILL FRENZEL, MINN.
CHARLES E. WIGGINS, CALIF.
JAMES F. HASTINGS, N.Y.
HAROLD V. FROEHLICH, WIS.
M. CALDWELL BUTLER, VA.

JOHN T. WALKER, STAFF DIRECTOR

Congress of the United States
House of Representatives
COMMITTEE ON HOUSE ADMINISTRATION
SUITE H-326, U.S. CAPITOL
Washington, D.C. 20515

Mr. Robert D. Linder
Chief Executive Clerk
The White House

Dear Sir:

On December 24, 1974, we delivered to the White House an enrollment of the bill H.R. 15977, An Act to amend the Export-Import Bank Act of 1945, and for other purposes. The enrollment was received at the White House by Mr. Ron Geisler.

It has come to my attention that this bill was improperly enrolled and did not reflect the action of the House and Senate agreeing to the further conference report on the bill (House Report 93-1633) on December 18th and 19th, 1974.

The true enrollment is transmitted herewith.

Yours truly,

Eugene H. Romaniello

Eugene H. Romaniello
Clerk of Enrolled Bills.

This letter and H.R. 15977 were delivered to my office December 30, 1974.

R.D. Linder
12-30-74

This bill has
been superseded

MEMORANDUM
OF CALL

TO:

Mr. Linder

YOU WERE CALLED BY — YOU WERE VISITED BY —

Bill Brown

OF (Organization)

State Park Administration

PLEASE CALL → PHONE NO. CODE/EXT. _____

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

225-7393

*Wants to physically see
the incorrect bill —
Their new pleading by
to pick it up —*

RECEIVED BY

DATE

12/26

TIME

12:45

(over)

J.M.

There were two enrollments
and we must have
rec'd the wrong ones

Bill will have to be
signed by Spedden and
Pres pro temp.

MEMORANDUM
OF CALL

TO:

Mr. Linder

YOU WERE CALLED BY— YOU WERE VISITED BY—

Bill Brown

OF (Organization)

House Parliamentarian

PLEASE CALL → PHONE NO. CODE/EXT. _____

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

225-7373

Section 13 H.R. 15977

(needs to have Sec. 13 of bill read to him to know if it contains an error)

RECEIVED BY

DATE

TIME

12/26

11:50

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend the Export-Import Bank Act of 1945, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete

with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank’s mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise’ and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b)(2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof

an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

Sec. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

Sec. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for

guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

- (1) by inserting "(a)" after "Sec. 7";
- (2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and
- (3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or financial guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000. No such loan or financial guarantee, or combination thereof, shall be for the purchase, lease, or procurement of any product or service for production (including processing and distribution) of fossil fuel energy resources. Not more than \$40,000,000 of such aggregate amount shall be for the purchase, lease, or procurement of any product or service which involves research or exploration of fossil fuel energy resources. The President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, including the amount of such proposed increase which would be available for the export of products and services for research, exploration, and production (including processing and distribution) of fossil fuel energy resources in the Union of Soviet Socialist Republics, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

H. R. 15977—5

“(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns.”

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

“Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States.”


RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

REPEAL OF SECTION 2 (3) (2)

SEC. 13. Effective at the close of September 30, 1976, section 2(a)(2) of the Export-Import Bank Act of 1945 is repealed.


Carl Albert
Speaker of the House of Representatives.


Hubert H. Hefner
Vice President of the United States and
President of the Senate.

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Began and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend the Export-Import Bank Act of 1945, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a) (1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;"

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;" and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b) (1) (A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition of government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete

with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank’s mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise’ and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof

an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for

guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

- (1) by inserting "(a)" after "Sec. 7";
- (2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and
- (3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000, except that the President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"**SEC. 9.** (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."

H. R. 15977—5

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

Carl Albert

Speaker of the House of Representatives.

Lee Harvey

*Vice President of the United States and
Acting President of the Senate pro Tempore.*



EXPORT-IMPORT BANK OF THE UNITED STATES

WASHINGTON, D.C. 20571

OFFICE OF THE
GENERAL COUNSEL

CABLE ADDRESS "EXIMBANK"
TELEX 89-461

December 30, 1974

Mr. Robert Linder
The White House
Washington, D.C.

Re: Eximbank - HR 15977

Dear Bob:

Enclosed is a xerox of the facsimile of HR 15977, which was sent to us on December 24, 1974. I have marked in the margins those places which are incorrect.

As soon as we receive the new facsimile of the new Enrolled Bill I will review it in detail and let you know if it is correct.

Thanks so much for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "J. E. Corette, III".

J. E. Corette, III
General Counsel

Enclosure

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four

An Act

To amend the Export-Import Bank Act of 1945, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition ~~of~~ government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete

June 15

10

with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise’ and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof

an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for

25-day

guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed \$20,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered."

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury."

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

- (1) by inserting "(a)" after "Sec. 7";
- (2) by striking out "\$20,000,000,000" and inserting in lieu thereof "\$25,000,000,000"; and
- (3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of \$300,000,000, except that the President may establish a limitation in excess of \$300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor, and if, after the receipt of such report together with the reasons, the Congress adopts a concurrent resolution approving such determination."

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "November 30, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."

Handwritten scribbles and marks at the top right of the page.

line 11
14

financial - line 8

including the amount of such proposed increase which would be available for the export of products and services for research, exploration and production (including processing and distribution) of fossil fuel energy resources in the Union of Soviet Socialist Republics.

No such loan or financial guarantee, or combination thereof, shall be for the purchase, lease, or procurement of any product or service for production (including processing and distribution) of fossil fuel energy resources. Not more than \$40,000,000 of such aggregate amount shall be for the purchase, lease, or procurement of any product or service which involves research or exploration of fossil fuel energy resources.

H. R. 15977—5

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

REPEAL OF SECTION 2(a)(2)

SEC. 13. Effective at the close of September 30, 1970, section 2(a)(2) of the Export-Import Bank Act of 1945 is repealed.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

After June 4

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend the Export-Import Bank Act of 1945, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled,*

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2(a)(1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;"

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;" and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable."

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition of government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete



with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

“(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank’s mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that ‘the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise’ and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.”

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b) (2) of the Export-Import Bank Act of 1945 is amended to read as follows:

“(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

“(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

“(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined), unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof

an amount of \$50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan or financial guarantee or combination thereof in an amount which equals or exceeds \$60,000,000 shall be finally approved by the Board of Directors of the Bank, and no loan or financial guarantee or combination thereof which equals or exceeds \$25,000,000 for the export of goods or services involving research, exploration, or production of fossil fuel energy resources in the Union of Soviet Socialist Republics shall be finally approved by the Board of Directors of the Bank, unless in each case the Bank has submitted to the Congress with respect to such loan, financial guarantee, or combination thereof, a detailed statement describing and explaining the transaction, at least 25 days of continuous session of the Congress prior to the date of final approval. For the purpose of the preceding sentence, continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 25 day period referred to in such sentence. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan or financial guarantee, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, the approximate rate and repayment terms at which such loan will be made available and the approximate amount of the financial guarantee."

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c) (1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c) (1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for

H. R. 15977—5

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

Carl Albert

Speaker of the House of Representatives.

Lyndon B. Johnson

~~*Vice President of the United States and*~~
Acting President of the Senate pro Tempore.

I certify that this Act originated in the House of Representatives.

A. P. Jennings
Clerk.

7

December 24, 1974

Dear Mr. Director:

The following bills were received at the White House on December 24th:

- | | | | |
|-----------------|------------------|--------------|--------------|
| S.J. Res. 40 ✓ | S. 3481 ✓ | H.R. 8958 ✓ | H.R. 14600 ✓ |
| S.J. Res. 133 ✓ | S. 3548 ✓ | H.R. 8981 ✓ | H.R. 14689 ✓ |
| S.J. Res. 262 ✓ | S. 3934 ✓ | H.R. 9182 ✓ | H.R. 14718 ✓ |
| S. 251 ✓ | S. 3943 ✓ | H.R. 9199 ✓ | H.R. 15173 ✓ |
| S. 356 ✓ | S. 3976 ✓ | H.R. 9588 ✓ | H.R. 15223 ✓ |
| S. 521 ✓ | S. 4073 ✓ | H.R. 9654 ✓ | H.R. 15229 ✓ |
| S. 544 ✓ | S. 4206 ✓ | H.R. 10212 ✓ | H.R. 15322 ✓ |
| S. 663 ✓ | H.J. Res. 1178 ✓ | H.R. 10701 ✓ | H.R. 15977 ✓ |
| S. 754 ✓ | H.J. Res. 1180 ✓ | H.R. 10710 ✓ | H.R. 16045 ✓ |
| S. 1017 ✓ | H.R. 421 ✓ | H.R. 10827 ✓ | H.R. 16215 ✓ |
| S. 1083 ✓ | H.R. 1715 ✓ | H.R. 11144 ✓ | H.R. 16596 ✓ |
| S. 1296 ✓ | H.R. 1820 ✓ | H.R. 11273 ✓ | H.R. 16925 ✓ |
| S. 1418 ✓ | H.R. 2208 ✓ | H.R. 11796 ✓ | H.R. 17010 ✓ |
| S. 2149 ✓ | H.R. 2933 ✓ | H.R. 11802 ✓ | H.R. 17045 ✓ |
| S. 2446 ✓ | H.R. 3203 ✓ | H.R. 11847 ✓ | H.R. 17085 ✓ |
| S. 2807 ✓ | H.R. 3339 ✓ | H.R. 11897 ✓ | H.R. 17468 ✓ |
| S. 2854 ✓ | H.R. 5264 ✓ | H.R. 12044 ✓ | H.R. 17558 ✓ |
| S. 2888 ✓ | H.R. 5463 ✓ | H.R. 12113 ✓ | H.R. 17597 ✓ |
| S. 2994 ✓ | H.R. 5773 ✓ | H.R. 12427 ✓ | H.R. 17628 ✓ |
| S. 3022 ✓ | H.R. 7599 ✓ | H.R. 12884 ✓ | H.R. 17655 ✓ |
| S. 3289 ✓ | H.R. 7684 ✓ | H.R. 13022 ✓ | |
| S. 3358 ✓ | H.R. 7767 ✓ | H.R. 13296 ✓ | |
| S. 3359 ✓ | H.R. 8214 ✓ | H.R. 13869 ✓ | |
| S. 3394 ✓ | H.R. 8322 ✓ | H.R. 14449 ✓ | |
| S. 3433 ✓ | H.R. 8591 ✓ | H.R. 14461 ✓ | |

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.