

January 4, 1975

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 15977 -- Export Import Bank Amendments of 1974 -- which 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 on 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.

The major provisions of the bill are:

Extension of Life - The bill extends the life of the Bank until June 30, 1978. 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 will 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:

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(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 will 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 can 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, will 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.

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 will restore the Bank's activities to the budget totals beginning in fiscal year 1977.

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