

**Export-Import Bank  
of Washington**

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*First Semiannual Report  
to Congress*

**FOR THE PERIOD JULY-DECEMBER**

**1945**

*The President Pro Tempore of the Senate:*  
*The Speaker of the House of Representatives:*

SIRS: I have the honor to transmit the first Semiannual Report to Congress of the Export-Import Bank of Washington, covering the period July-December 1945, in accordance with the provisions of Section 9 of the Export-Import Bank Act of 1945.

WM. MCC. MARTIN, Jr.,  
*Chairman.*



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# Background

**T**HE END of the war in Europe in May 1945 precipitated a wide range of problems involving the foreign financial policy of the United States. Until that time the requirements of allied countries for United States goods and services had been met to a very large extent by means of lend-lease aid. Domestic industry was geared to a demand of very large proportions for goods which were transferred to foreign countries on lend-lease terms. The importance of this wartime mechanism for meeting the dollar requirements of foreign countries is indicated by the fact that during the calendar year 1944 exports from the United States exceeded \$14 billion, of which more than \$11 billion represented lend-lease transfers. As recently as May 1945 lend-lease shipments were leaving the United States at an annual rate in excess of \$9 billion.

### LEND-LEASE TERMINATION

The end of hostilities in Europe meant the immediate scaling down of lend-lease exports and, with respect to certain countries, an early termination of lend-lease assistance. Under the established policies of the Congress and the Administration, lend-lease was to be used after the end of the European phase of the war only to the extent necessary for the vigorous prosecution of the war in the Pacific and the redeployment of our forces in Europe.

Foreign countries depending upon the United States for essential supplies were thus faced with the immediate or imminent need of finding means other than lend-lease aid of meeting their dollar requirements. This problem existed in an acute form in the case of the liberated and war-devastated countries the productive facilities of which had either been destroyed, converted by the enemy to his own war purposes, or made unusable because of the lack of raw materials, fuel, power, transportation, and labor. It existed in the case of the United Kingdom also because of the diversion of all available resources



to war production with little regard to the consequences for exports either during the war or afterwards. These circumstances created in a long list of countries an extraordinary need for imports which the United States alone could supply at a time when these countries were unable to find the means of payment by exporting.

United States suppliers, on the other hand, were confronted in many instances with the necessity either of abruptly reducing their output to anticipated peacetime dimensions or of finding markets to take the place of the demand provided by lend-lease. It would be a mistake, however, to infer that the problem was regarded as essentially one of supporting war-expanded industries by maintaining exports. It was much more a matter of helping the war-torn countries to get on their feet economically so that they could begin to produce goods and services to exchange for American goods and services.

The President of the United States recognized the impending emergency in his message of June 4, 1945, to the Congress on the lend-lease appropriation for the fiscal year 1946. In this message he stated:

Our recent lend-lease agreements with France, Belgium, and the Netherlands will be carried out by lend-lease funds to the fullest extent consistent with changed war conditions and the basic wartime purposes of lend-lease aid. Beyond this I propose that these allies be assisted in financing necessary equipment and supplies by the Export-Import Bank.

Such assistance is consistent with the enlarged role which the bank should be given in providing certain types of industrial equipment and supplies which other nations may wish to obtain from us for reconstruction. Some aspects of reconstruction are of particular interest to this nation and can most appropriately be financed by our own instrumentality.

Accordingly, there will be transmitted to the Congress at an early date a proposal providing for adequate legal authorization and expanded lending capacity for the bank.

Shortly afterward, in July 1945, the Congress was asked to increase the lending authority of the Export-Import Bank and to remove the prohibition on loans by the bank to countries in default on their obligations to the United States Government. In his statement before the Banking and Currency Committees of the House and Senate, the Foreign Economic Administrator, who was at that time Chairman of the Board of Trustees of the Export-Import Bank, reiterated the policy of providing lend-lease assistance to foreign countries only in connection with the defense of the United States and the effective prosecution of the war to final victory. He made it clear that funds necessary for relief, rehabilitation, and reconstruction in Europe or elsewhere had to be provided in some other manner. He indicated in general terms the areas in which it was anticipated that emergency loans by the Export-Import Bank would be required and expressed the opinion that the increased lending authority which

was being requested would probably suffice for these and other loans by the bank during the fiscal year 1946.

## EXPORT-IMPORT BANK ACT OF 1945

The legislative proposals offered at this time resulted in the passage by the Congress of the Export-Import Bank Act of 1945.<sup>1</sup> This Act, approved on July 31, 1945, made four major changes in the legislation governing the operations of the Export-Import Bank, as follows:

First, the limit on outstanding loans and guaranties of the Bank was raised from \$700 million to \$3.5 billion, or by an amount believed at that time to be sufficient to meet the essential need for the financing of exports by the Export-Import Bank during the fiscal year 1946.

Second, the prohibition on loans by the bank to governments in default on their obligations to the United States Government was removed, as was also, in so far as participations with the Export-Import Bank are concerned, the prohibition of the so-called Johnson Act on loans by private persons to such governments.

Third, the management of the bank was vested in a Board of Directors consisting of the Secretary of State *ex officio* and four full-time members appointed by the President of the United States by and with the advice and consent of the Senate, one of whom was to be designated by the President as Chairman. Not more than three members of the Board may be members of any one political party. Provision was also made for an Advisory Board consisting of the Chairman of the Board of Directors of the Export-Import Bank as Chairman, the Secretaries of State, Treasury, and Commerce, and the Chairman of the Board of Governors of the Federal Reserve System.<sup>2</sup>

Fourth, the Export-Import Bank was made an independent agency of the Government and the statutory limit on the life of the bank was removed.

## DEMANDS FOR RECONSTRUCTION CREDITS

Demands upon the Export-Import Bank for reconstruction credits were already being made at the time the Export-Import Bank Act of 1945 was under consideration by the Congress. Soon after the passage of the act, the bank was confronted, despite the substantial increase in its lending authority, with the problem of meeting total

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<sup>1</sup> See Appendix A for the text of the act.

<sup>2</sup> The Advisory Board of the Bank has the same composition as the National Advisory Council on International Monetary and Financial Problems created by the Bretton Woods Agreements Act, except that the Secretary of the Treasury acts as Chairman of the Council.

requests for dollar credits several times as large as its available resources. In this situation the Export-Import Bank proceeded, as it would have been wise in any case to proceed, to make reconstruction loans only with the greatest care and after close study of the immediate and minimum needs of the borrowers. Among the factors taken into consideration in making a loan of this character were (1) the urgency of the need of the borrower; (2) the borrower's own resources of gold and dollar exchange; (3) the possibility of obtaining funds from private sources, from other countries, or from the International Bank; (4) the ability of the borrower to make effective use of the loan; (5) the capacity of the borrower to repay; and (6) the impact of the loan on the economy of the United States.

The problem was complicated from the outset by the fact that private capital for reconstruction loans was not forthcoming and that there seemed little prospect of an early reopening of the private capital market to foreign government borrowers. Furthermore, the delay in the ratification of the Articles of Agreement of the International Monetary Fund and the International Bank for Reconstruction and Development postponed the beginning of effective operations by the International Bank. This meant that the Export-Import Bank would be the principal source of long-term dollar loans for an extended period of time. Finally, except for Canada, which was extending loans on a substantial scale to liberated and war-devastated countries, there was no important source of long-term international loans outside the United States.<sup>3</sup> Even if financing had been available from other countries, the crucial fact was that only the United States, and Canada to a lesser extent, were in a position to supply quickly the large quantities of goods needed by liberated and war-devastated countries.

## OTHER DEMANDS

At the same time, American exporters were applying to the bank in increasing numbers for credit assistance not obtainable from private banks. The progressive relaxation of export controls in the United States, combined with the accumulated foreign demand for United States products, was opening the way for a greatly expanded export business on a commercial basis. As before the war, however, exporters were obliged to sell on terms appropriate to the type of commodity involved, the ability of the foreign buyer to pay, and the competition offered by other suppliers. Since the credit terms required were often longer than commercial banks are in a position to accommodate, it was necessary to seek the assistance of the Export-Import Bank. Despite the pressure of demands from other directions, the bank has met all legitimate demands of this character. Indeed, they represent

<sup>3</sup> See Appendix B for the details of reconstruction loans made by the Canadian Government.

the type of foreign-trade financing for which the Export-Import Bank was originally established.

There were still other demands upon the bank. Countries outside the war-torn areas continued to seek credit to assist in financing the purchase of United States equipment and materials needed to carry out development projects and programs. This is a type of credit which the Export-Import Bank has provided for a number of years on an increasing scale, especially to Latin American countries, in the interest both of creating immediate markets for United States products and of so strengthening the economies of foreign countries that they will be steadily growing markets for exports, on the one hand, and sources of supply of imports, on the other. The Export-Import Bank has continued to extend credits for foreign development projects in substantial volume.

## TRENDS IN FOREIGN TRADE<sup>4</sup>

The foreign trade of the United States began to adjust itself in the last half of 1945 to the termination of lend-lease aid which came shortly after the end of the war with Japan. During the first half of the year, the general pattern of the international transactions of the United States was the pattern which had become familiar in the preceding war years. Its outstanding characteristic was an extraordinarily heavy flow of goods and services from the United States to foreign countries the greater part of which was transferred under lend-lease. During the first 6 months of 1945 goods and services supplied by the United States to foreign countries totaled \$7.6 billion—an annual rate of \$15 billion. Of this aggregate, \$4.7 billion, or more than 60 percent, was in the form of lend-lease aid or represented some other form of contribution in kind or in cash, as shown in the accompanying table.

Goods and services acquired by the United States from foreign countries, including military expenditures abroad, aggregated almost \$5 billion in the first half of 1945. These goods and services were supplied to the extent of \$1.4 billion, or 28 percent, through reverse lend-lease and other types of transfers not requiring payment by the United States. Most of them, however, were obtained against cash payments by this country, made largely to Western Hemisphere countries for materials and foodstuffs required for the effective prosecution of the war.

The net result of these transactions, together with a moderate outflow of long-term capital from the United States, was a further

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<sup>4</sup> The text of this section closely follows the analysis by the International Payments Unit of the Bureau of Foreign and Domestic Commerce in "U. S. International Transactions in 1945" in *Foreign Commerce Weekly*, January 19, 1946. The figures used herein, although still preliminary, have been revised by the International Payments Unit on the basis of data come to hand after the article referred to was prepared.

**TABLE 1.—Summary of the International Transactions of the United States in 1945**

[IN MILLIONS OF DOLLARS]

	First quarter	Second quarter	Third quarter	Fourth quarter	Total
During 1945 we bought or otherwise acquired from foreign countries goods and services valued at.....	2,369	2,538	1,956	1,804	8,667
Of this amount, a portion was received under reverse lend-lease or other conditions not requiring payment.....	616	753	267	128	1,763
So we paid foreigners for goods and services.....	1,753	1,785	1,689	1,676	6,904
Foreign countries bought or otherwise acquired goods and services from us in the total amount of.....	3,583	4,015	3,054	2,604	13,257
This figure, too, includes items not requiring payment, such as lend-lease and contributions to UNRRA, which amounted to.....	2,216	2,478	901	656	6,251
Thus, foreigners paid us for goods and services.....	1,367	1,537	2,153	1,948	7,006
And had left (+) or owed us (-) on transactions in goods and services.....	+336	+248	-464	-272	-102
In addition, Government credits extended for relief and related purposes to our Allies, together with other long-term capital movements, supplied dollars to foreigners in the net amount of.....	271	301	1,045	396	2,014
Also, there must have been transactions not accounted for which resulted in net payments to foreigners of....	63	5	44	10	122
Because recorded data indicate that increases in foreign dollar balances plus net gold purchases from the United States during the year amounted to.....	721	555	624	134	2,034

NOTE: Discrepancies in summation are the result of rounding.

Source: International Payments Unit, Bureau of Foreign and Domestic Commerce.

substantial increase in the gold and dollar holdings of foreign countries. The net increase in these holdings from transactions with the United States during the first half of the year was approximately \$1.3 billion, most of it in the form of an increase in foreign deposits in American banks. This increase represented a continuation of a trend established earlier in the war because of the tight supply situation in the United States and the consequent inability of foreign countries to use all of the dollars obtained through the sale of goods and services to the United States.

With the end of hostilities in Europe in May, followed by the surrender of Japan in August, important changes began to occur in the balance of payments of the United States and became especially marked during the final quarter of the year. The volume of goods and services supplied to foreign countries declined very sharply, the total for the fourth quarter being approximately \$2.6 billion (or an annual rate of more than \$10 billion), as compared with a peak of \$4 billion in the second quarter. Lend-lease aid to foreign countries and other transfers of goods and services not involving cash payments declined even more sharply than total exports after the middle of the year and were equivalent to only 25 percent of total goods and services supplied during the last quarter in contrast with 60 percent during the first half of 1945. Moreover, these transfers no longer consisted primarily of lend-lease aid but were chiefly composed of a small but growing volume of relief shipments through UNRRA.

As lend-lease aid diminished in importance after the middle of 1945 as a factor in financing United States exports, loans and credits began

to grow in importance. These loans and credits were, however, largely of an unusual nature. For instance, supplies have been furnished to the civilian populations of various foreign countries by the armed forces of the United States against claims for future payment. These transactions have been of considerable importance since the landing of American troops in Europe in June 1944. Credit arrangements were also made with foreign countries for taking over lend-lease inventories or goods already contracted for as of VJ-Day under lend-lease procedures. Disbursements out of Export-Import Bank credits had not yet become an important element in the financing of United States foreign trade during the last half of 1945.

As a result of all these shifts in the balance of payments, acquisitions of gold and dollar balances by foreign countries from the United States declined to a very low level by the end of the year. Available data indicate that during the final quarter the net accumulation was about \$130 million; as compared with more than \$700 million during the first quarter. This declining rate of gold and dollar accumulation by foreign countries will undoubtedly be converted into an absolute reduction in foreign holdings as increased supplies of urgently demanded goods become available from the United States and as the demand for dollar exchange thereupon increases. In other words, foreign countries as a group will find it necessary to draw upon their own monetary reserves even though they obtain substantial dollar credits through the Export-Import Bank, the International Bank for Reconstruction and Development, and the private investment market in the United States.

## FOREIGN GOLD AND DOLLAR ASSETS

During 1945 as a whole, foreign countries received approximately \$2 billion more from the United States than they used for making payments to the United States. Of this amount approximately \$500 million was converted into gold and the remainder, approximately \$1.5 billion, was kept on deposit in the United States. Foreign balances in this country at the end of 1945, including certain foreign deposits with the United States Treasury were about \$7 billion (exclusive of foreign holdings of United States currency). On the same date, the gold holdings of foreign countries, which had been augmented during the war by their own gold production as well as by transfers from the United States, were about \$16 billion. By comparison, foreign dollar funds in the United States at the end of 1938 amounted to approximately \$2 billion and total foreign gold reserves to about \$13 billion. During the intervening war years, non-European countries generally increased their holdings of gold, while the reserves of European countries declined, with certain notable exceptions. The

increase in dollar balances was shared by many countries, but the principal increase was in dollar funds held by countries of the Western Hemisphere.

The heavy accumulations of gold and dollars by foreign countries in recent years must be placed in proper perspective if their role during the present transition period is to be fully understood. During the war, shortages of goods and lack of shipping space made it impossible for many foreign countries, particularly countries in the Western Hemisphere, to spend the dollars they were currently receiving as a result of the purchase of goods and services from them by the United States. From this point of view, the use in the future of the increased foreign holdings of gold and dollars to buy American goods would represent a kind of deferred payment by the United States for supplies obtained from abroad in the war period. At the same time, there was building up in foreign countries an enormous deferred demand both for products ordinarily imported from the United States which could not be obtained during the war and for the materials and equipment needed to make good the ravages of war. Thus, although the total holdings of gold and dollars by foreign countries appear very large as compared with prewar holdings, the net increase during the war represented only a part of the accumulated need and potential demand for United States products.

The need for extensive dollar financing despite the growth of foreign gold and dollar assets exists for several reasons. The increase in these assets, while large in absolute terms, has been no more than enough to offset the wartime rise in prices. Hence, in terms of potential purchasing power over goods procured in the United States and elsewhere, foreign holdings of gold and dollars are no greater than before the war. Again, a large part of the holdings is not available for the purchase of goods and services because it must be held as legal currency and banking reserves, as working balances for business firms and banking institutions, or as reserves against future adverse balance-of-payments fluctuations. Without adequate reserves of the latter type, the stabilization of currencies and the removal of restrictive exchange controls through the mechanism of the International Monetary Fund would be difficult or impossible of realization, as would also the freeing of international trade of other restrictions by means of an international agreement on commercial policy. Finally, the countries which most badly need external financial aid are in many instances not the countries which hold large gold and dollar assets. This is a fact which is concealed, of course, by the world totals of foreign holdings of gold and dollars.<sup>5</sup>

<sup>5</sup> See Appendix C, Gold and Dollar Assets of Foreign Countries as of December 31, 1938, and June 30, 1945.

## CHAPTER II

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# Operations

FROM the time of its establishment in 1934 to the end of 1945, the Export-Import Bank authorized loans aggregating \$2,308 million.<sup>1</sup> New authorizations entered on the books of the bank during the 6 months ended December 31, 1945, amounted to \$1,040 million, or 45 percent of this total. Authorizations during this period are shown by country and obligor and by purpose in table 2.

### COMMITMENTS

The commitments made by the bank during the last half of 1945 were mainly to liberated and war-devastated countries of Europe for reconstruction purposes. This was as foreseen by the President in his message to Congress of June 4, 1945, on the lend-lease appropriation for the fiscal year 1946 and also in accordance with the program outlined in the course of the hearings on the Export-Import Bank Act of 1945. Reconstruction loans to European countries accounted for \$920 million out of total new authorizations during the period of \$1,040 million. These reconstruction loans have been of two distinct types: lend-lease credits and other reconstruction credits. Both types are being used to make emergency purchases in the United States of food, raw materials, and equipment. They serve the vital purpose of helping to restore the war-torn economies of the countries concerned and of thus hastening the restoration of peacetime markets for United States products and sources of supply for United States imports.

<sup>1</sup> Loan authorizations, or commitments, refer to the approval *in principle* by the Board of Directors of the bank of credits on specified terms. Authorizations must be formalized in loan agreements before disbursements, or advances, can be made. Authorizations may lapse because formal loan agreements are not signed or may be canceled or expire after agreements have been signed. For a detailed statement of authorizations, cancellations and expirations, disbursements, repayments, and outstanding loans, see Appendix D, *Statement of Loans and Commitments of Export-Import Bank as of December 31, 1945*. Unless otherwise indicated, all figures relating to the operations of the Export-Import Bank include transactions carried out by commercial banks under agency agreements with the Export-Import Bank. See below, *Commercial Bank Participations*.



**Table 2.—Loans Authorized by Export-Import Bank During 6 Months Ended December 31, 1945**

Country and obligor	Amount (in millions of dollars)	Purpose
<b>LATIN AMERICA</b>		
<b>Brazil:</b>		
Lloyd Brasleiro.....	38.0	Export of cargo vessels.
<b>Chile:</b>		
Chilean State Railways.....	1.2	Export of locomotives.
Do.....	2.0	Export of electrical equipment.
Fomento Corporation.....	28.0	Export of steel-mill equipment.
Do.....	6.0	Export of electrical and other equipment.
<b>Ecuador:</b>		
Republic of Ecuador.....	1.0	Export of engineering services.
<b>Mexico:</b>		
United States of Mexico <sup>1</sup> .....	10.0	Highway construction, export of equipment and services.
Nacional Financiera <sup>1</sup> .....	20.0	Export of electrical equipment.
<b>Peru:</b>		
Fred Leighton.....	.15	Import of Mexican handicraft.
Cia. Peruana del Santa <sup>1</sup> .....	.35	Export of electrical equipment.
<b>Total Latin America.....</b>	<b>105.7</b>	
<b>EUROPE</b>		
<b>Belgium:</b>		
Kingdom of Belgium.....	55.0	Export of various goods and services (lend-lease 3 (c) terms).
Do.....	45.0	Export of various goods and services.
<b>Denmark:</b>		
Kingdom of Denmark.....	20.0	Do.
<b>France:</b>		
Republic of France.....	550.0	Export of various goods and services (lend-lease 3 (c) terms).
<b>Netherlands:</b>		
Kingdom of the Netherlands.....	50.0	Do.
Do.....	50.0	Export of various goods and services.
<b>Norway:</b>		
Kingdom of Norway.....	50.0	Do.
<b>Various European countries:</b>		
Various European governments.....	100.0	Export of raw cotton.
<b>Total Europe.....</b>	<b>920.0</b>	
<b>ASIA</b>		
<b>Saudi Arabia:</b>		
Kingdom of Saudi Arabia <sup>1</sup> .....	5.0	Export of various goods and services.
<b>Turkey:</b>		
Turkish State Airways.....	3.06	Export of airport equipment
<b>Total Asia.....</b>	<b>8.06</b>	
<b>VARIOUS COUNTRIES</b>		
Governments of various countries.....	5.0	Export of communications equipment.
Special exporter-importer credits.....	1.0	Various.
<b>Grand total.....</b>	<b>1,039.76</b>	

<sup>1</sup> Credits authorized before June 30, 1945, but not entered on the books of the bank as commitments until after that date.

### LEND-LEASE CREDITS

Lend-lease credits were extended to Belgium, France, and the Netherlands in the amounts of \$55 million, \$550 million, and \$50 million, respectively, to finance the purchase of products and services for which requisitions had been filed and approved before VJ-day (for these purposes, September 2, 1945) under the provisions of the lend-lease 3(c) agreements with the countries concerned, but which had not been contracted for as of VJ-day.<sup>2</sup> Since the credits thus

<sup>2</sup> The lend-lease 3(c) agreements were agreements entered into under Section 3(c) of the Lend-Lease Act. They provided for the delivery by the United States and the acceptance by the other countries concerned, against payment on stipulated terms, of specified articles the transfer of which was no longer necessary for the defense of the United States.

served to carry out previous commitments of the United States Government, their terms with respect to maturities and rate of interest were made the same as those of the lend-lease 3(c) agreements. These terms call for repayments of principal in installments over a period of 30 years beginning on July 1, 1946. Interest is at the rate of 2½ percent per annum. The credits in favor of Belgium and the Netherlands are available until June 30, 1946. The credit in favor of France is available until December 31, 1946.

It will be clear from the foregoing that the principal use which was made during the last half of 1945 of the additional lending authority granted to the Export-Import Bank by Congress under the terms of the act of 1945 was to finance the purchase of commodities requisitioned under earlier lend-lease agreements. Because of the sudden end of the war and the termination of lend-lease which followed shortly thereafter, the drain on the resources of the bank for this purpose was much larger than had been anticipated. The lend-lease credits extended by the bank thus necessitated the use of funds which it had been believed would be available for other purposes.

### OTHER RECONSTRUCTION CREDITS

The second category of reconstruction credits approved during the last half of 1945 were for the purchase in the United States of a wide variety of agricultural and manufactured products. These credits, totaling \$165 million, were extended to Belgium in the amount of \$45 million; to Denmark, \$20 million; to the Netherlands, \$50 million; and to Norway, \$50 million.<sup>4</sup> They are available until the middle or end of 1948. Advances under the credits are made against notes bearing interest at the rate of 2½ percent and maturing at the end of 1950 or in 1951. At that time the obligors will have the right to tender new notes in exchange for the original notes. The aggregate principal amount of the new notes will mature in 30 approximately equal semiannual installments. Notes evidencing the first 10 of these installments will bear interest at 2½ percent and will fall due commencing in 1951; those evidencing the next 10 will bear interest at 3 percent and will fall due commencing in 1956; those evidencing the last 10 will bear interest at 3½ percent and will mature commencing in 1961. The effective rate of interest will average approximately 3 percent over the life of the loans, the exact rate depending upon the rapidity with which the credits are utilized. The provisions with respect to the rate of interest are in accordance with a recommendation

<sup>3</sup> The lend-lease credits extended by the Export-Import Bank should not be confused with the lend-lease "pipe-line" credits applying to articles for which orders had been placed prior to VJ-day. These articles in the lend-lease "pipe-line" are being financed out of lend-lease funds. The funds of the Export-Import Bank are in no way involved.

<sup>4</sup> The loan agreement formalizing the credit to Norway had not yet been signed at the end of the year. An authorization for a credit of \$100 million to the Netherlands Indies, approved by the Board of the Bank in September, had not been entered on the books of the bank as of the end of the year.

of the National Advisory Council on International Monetary and Financial Problems, which was established by the Bretton Woods Agreements Act "in order to coordinate the policies and operations of \* \* \* all agencies of the Government which make or participate in making foreign loans \* \* \*." <sup>5</sup>

### **Procedures**

The reconstruction credits of the Export-Import Bank are arranged under procedures similar to those followed for other credits extended by the bank to foreign countries. There are required a statement by the borrowing country regarding the purposes for which the credit is to be used, including lists of materials, equipment, and services to be purchased in the United States; justification for seeking the assistance of the Export-Import Bank, including satisfactory evidence that private credit is not available; and various economic data bearing on the need of the country for external loans and its capacity to repay. The reconstruction loans of the bank are therefore made for specific purposes in accordance with its established policies. They are not lump-sum advances; disbursements are made only on the basis of evidence satisfactory to the bank that the purposes of the loan have been or will be carried out by the borrower.

### **Domestic Effects**

The impact on the domestic economy of this emergency loan program is controlled principally by two factors. The inevitable delays in the utilization of credits established by the Export-Import Bank mean that their effects are spread over a period of months, or even years in the case of heavy equipment. Furthermore, it is the bank's policy to discourage the use of its credits for the purchase of commodities in scarce supply and to encourage their use for the purchase of commodities in long supply such as cotton and many types of capital goods. This policy serves, on the one hand, to minimize any inflationary consequences which the loans by the bank might have under present conditions and, on the other hand, to ease the reconversion of industries which were expanded during the war. The total demand for American goods generated by Export-Import Bank credits during the last half of 1945 was small in comparison with lend-lease and other war demands prior to VJ-day or in comparison with privately-financed exports. The support afforded by the bank's operations to specific war-expanded industries was nevertheless important.

### **International Bank**

Through its reconstruction loans, the Export-Import Bank is filling a gap in the facilities for providing dollar credits to foreign

<sup>5</sup> See Chapter III, *Policy Issues*, for a statement of the factors involved in this recommendation.

countries until such time as the International Bank for Reconstruction and Development comes into operation. When the latter institution does come into effective operation, it will presumably take over to a very large extent the function of making reconstruction loans. In the meantime, in order that an undue assumption of risk by the United States alone will be avoided, loans for reconstruction purposes are being made by the Export-Import Bank only in urgent cases and in such amounts as may be needed by the borrower for emergency purchases in the United States.

### *COTTON CREDITS*

In addition to its more general reconstruction loans to foreign governments, the Export-Import Bank set up in October 1945 a credit line of \$100 million for the specific purpose of financing exports of raw cotton to European countries. If fully utilized, this amount would finance the export of approximately 800,000 bales of cotton. The maximum term of individual credits authorized under this credit is 15 months,<sup>6</sup> and the rate of interest is 2½ percent per annum. American cotton shippers and their commercial banks will participate in the credits up to the time of the acceptance of the relevant drafts by the foreign banks involved. Cotton shippers participating in the program will designate the commercial banks which are to handle documents and negotiate drafts under commitments issued by the Export-Import Bank.

The only allocation made under this general arrangement before the end of 1945 was a credit of \$5 million to finance the export to Finland of approximately 46,000 bales of cotton.

A separate line of credit to finance cotton exports has many advantages. It makes possible the shipment of sorely needed raw material to certain countries in advance of the establishment of more general lines of credit and therefore assists in putting foreign textile mills into production—an objective which, in view of the present and prospective world-wide shortage of textiles, is a matter of the greatest urgency. It also permits the fixing of terms which are suitable to the cotton trade and which encourage the handling of shipments through private business channels.

### *LATIN-AMERICAN CREDITS*

The other area principally involved in the new loan authorizations of the Export-Import Bank during the last half of 1945 was Latin America. New authorizations totaling \$106 million were made to Brazil, Chile, Ecuador, Mexico, and Peru.

<sup>6</sup> A special cotton credit of \$33 million to China was authorized early in 1946 with a maximum term of 24 months, instead of 15 months, to allow for the longer time required for transoceanic and inland transportation.

## Brazil

The authorization to Brazil was in the amount of \$38 million for the purchase by Lloyd Brasileiro of 14 oceangoing cargo steamers to be built in the United States. Repayment is to be made in installments over a period of 10 years with interest at 4 percent per annum.

## Chile

New credits extended to Chile amounted to \$36.2 million and included two credits to the Chilean Development (*Fomento*) Corporation, a government-owned agency, for \$28 million and \$5 million, respectively, and two credits to the Chilean State Railways, extended on application of United States suppliers, for \$2 million and \$1.2 million, respectively.

The credit of \$28 million to the Development Corporation of Chile is to finance the purchase in the United States of equipment, materials, and services required for the construction of an integrated iron and steel plant in Chile. The Development Corporation has undertaken to raise from Chilean sources the funds needed for all expenditures in Chile in connection with the construction and operation of the plant and for any expenditures in the United States in excess of the \$28 million to be provided by the Export-Import Bank. It is estimated that the Chilean investment in the project will be approximately \$25 million. Experienced United States technical assistance is to be used in the design, engineering, construction, and operation of the plant. The credit is fully guaranteed by the Republic of Chile and is to be available until December 31, 1948. Advances under the credit are repayable in 40 semiannual installments, the first of which will fall due on June 15, 1949. Interest is at the rate of 4 percent per annum.

The second credit to the Chilean Development Corporation was in the amount of \$5 million and is also guaranteed by the Republic of Chile. Of this amount, \$2 million will be used to finance the purchase of United States equipment for additional hydroelectric facilities to meet the power requirements of the new steel mill and the remaining \$3 million for the purchase of United States equipment and services in connection with other productive projects in Chile to be approved by the Export-Import Bank. Advances under this line of credit are to be repaid within 5 years in installments beginning 6 months from the date of each advance. Interest will be at the rate of 4 percent per annum.

The larger of the two credits to the Chilean State Railways, in the amount of \$2 million, is for the purchase of electrical equipment from the United States. Repayment is to be made in quarterly installments over a period of 7 years, with interest at the rate of 4 percent per annum. The smaller of the two credits, in the amount of \$1.2 million, is for the purchase of locomotives. It is to be repaid in 20

quarterly installments in not to exceed 6 years, with interest at 4 percent per annum.

### **Ecuador**

The credit to the Republic of Ecuador was in the amount of \$1 million and was authorized exclusively for the purchase of United States engineering and other technical services in connection with the preparation of a broad program for the economic development of the country. The terms of this credit have not yet been established.

### **Mexico**

Export-Import Bank commitments involving Mexico were increased by approximately \$30.2 million during the last half of 1945. An existing line of credit in favor of the Government of Mexico was increased by \$10 million (under an authorization approved by the bank in March 1945) to enable the Mexican Government to carry forward its program of highway construction. This additional amount, unlike the earlier credits to the Government of Mexico for the same purpose, is to be used, however, exclusively for the purchase of United States equipment and services as distinguished from outlays for local labor and materials. This change in the conditions of the credit is in accordance with the policy of the Export-Import Bank to finance dollar requirements only, except under extraordinary circumstances. Advances under the credit are repayable in installments over a period of 10 years, with interest at 4 percent per annum.

The second credit granted to Mexico was for \$20 million to assist in financing the purchase in the United States of equipment, materials, and services to be used in connection with a broad electrification program in Mexico. The program will be carried out by the Comision Federal de Electricidad, an agency of the Mexican Government, in cooperation with Nacional Financiera, a semigovernmental Mexican financial institution, both of which are parties to the agreement in addition to the Government of Mexico.

This credit may be utilized at any time prior to June 30, 1948. Repayment will be made in 40 approximately equal semiannual installments, with interest at the rate of 4 percent per annum. Advances under the credit will be secured by the assignment of revenues derived from specified taxes on the consumption of electrical energy in Mexico, as well as by the unconditional guaranty of the Government of Mexico.

The remaining credit involving Mexico represented an increased authorization of \$50,000 and an additional turn-over of approximately \$100,000 in one of the revolving credit lines of the Export-Import Bank in favor of small exporters and importers: in this instance an importer. The purpose of the credit is to assist in financing the import of Mexican handicraft into the United States.

## Peru

The new Peruvian credit was to the Compañia Peruana del Santa in the amount of \$350,000 and was extended on application of a United States supplier of electrical equipment. The credit is to be repaid in installments over a period not to exceed 10 years, with interest at not less than 4 percent per annum.

### OTHER CREDITS

The remaining new loan authorizations of the Export-Import Bank during the last 6 months of 1945 consisted of a credit to the Kingdom of Saudi Arabia in the amount of \$5 million for the purchase of United States equipment and services required for carrying out certain public works in that country. This authorization was not formalized in a loan agreement and is in process of renegotiation.

The bank also approved during the period, on application of United States suppliers, a credit of approximately \$3.1 million to finance the sale of airport equipment to Turkish State Airways and a credit of not to exceed \$5 million to finance the purchase by the governments of various countries of communications equipment. In the first instance, repayment is to be made in 20 equal quarterly installments beginning not later than 6 months from the time of the loans, with interest at not less than 4 percent per annum. In the second instance, repayment is to be made over a period of from 5 to 10 years, depending upon circumstances, with interest at not less than 4 percent per annum. The credits in either case would be fully guaranteed by the governments of the countries concerned.

Finally, the special exporter-importer credits of the Export-Import Bank, involving at the end of 1945 13 revolving credits of from \$10,000 to \$20,000, were increased during the last 6 months of the year by an additional authorization of \$800,000 and a turn-over of approximately \$200,000.

### UNDISBURSED COMMITMENTS

New loan authorizations by the bank during the last half of 1945 brought total undisbursed commitments to \$1,308 million at the end of the year (after allowances for disbursements under old and new commitments and for expirations and cancellations). Of this amount, undisbursed commitments under authorizations involving European countries accounted for \$900 million, Latin-American countries \$340 million, Asiatic countries \$36 million, and other commitments \$32 million.<sup>7</sup>

<sup>7</sup> See Appendix E, *Total Loan Authorizations, Undisbursed Commitments, and Outstanding Loans of Export-Import Bank, by Countries, as of June 30, 1945, and December 31, 1945.*

## DISBURSEMENTS

The disbursements (i. e., advances against authorized credit lines) of the Export-Import Bank during the last half of 1945 amounted to approximately \$59 million. They consisted, as shown in table 3, of approximately \$25 million disbursed under commitments involving Latin-American countries, approximately \$29 million disbursed under reconstruction loans to European countries, approximately \$4 million disbursed under previously authorized credits to China, and \$500,000 disbursed under other credits. Disbursements since the time of the bank's establishment reached \$563 million at the end

*Table 3.—Loan Disbursements by Export-Import Bank, by Countries, During 6 Months Ended December 31, 1945*

[IN THOUSANDS OF DOLLARS]

Country	Amount	Country	Amount
<b>Latin America:</b>		<b>Europe:</b>	
Brazil.....	\$3, 609	Denmark.....	\$7, 600
Chile.....	2, 711	Netherlands.....	21, 800
Colombia.....	6, 089	<b>Total Europe.....</b>	<b>29, 400</b>
Costa Rica.....	50		
Cuba.....	5, 125	<b>Asia:</b>	
Ecuador.....	909	China.....	4, 210
Mexico.....	3, 933	<b>Total Asia.....</b>	<b>4, 210</b>
Paraguay.....	370		
Salvador.....	576	<b>Various countries.....</b>	<b>499</b>
Uruguay.....	1, 064		
Various countries.....	100	<b>Grand total.....</b>	<b>58, 645</b>
<b>Total Latin America.....</b>	<b>24, 536</b>		

<sup>1</sup> This figure, which excludes commissions charged by the bank, differs slightly from the amount of "Loans" shown in Appendix I, *Statement of Source and Utilization of Export-Import Bank Funds During 6 Months Ended December 31, 1945*, which includes such commissions.

of 1945. Disbursements involving Latin-American countries accounted for \$306 million out of this total, those involving Asiatic countries \$123 million, those involving European countries \$93 million, and those involving the rest of the world or not identifiable with any particular area \$41 million.

The disbursements of the bank during the last 6 months of 1945 were small in comparison with new commitments exceeding \$1,000 million and in comparison with the total undisbursed commitments of the bank on July 1 of \$336 million. These relationships are typical. Because of the nature of the bank's financing, it is necessary frequently to make commitments to borrowers considerably in advance of the time at which they will be able to use the credit lines established and also to extend the availability of the credits over fairly long periods in order that borrowers may use the credits only as circumstances require and in the most economical fashion.

Basic to this relationship between commitments and disbursements is the fact that the Export-Import Bank normally does not make lump-sum advances but rather establishes lines of credit which can be



used only as the borrower demonstrates to the satisfaction of the bank that the purposes for which the credits have been established have been or will be carried out. It also frequently happens that a credit line established by the Export-Import Bank is never used by the borrower. During the war the principal reason for this was the inability of the borrower to obtain the desired goods in the United States under conditions of wartime scarcity and export controls. A more general reason is that the extension of a line of credit by the bank often makes it possible for the borrower to obtain private capital instead, a result which is invariably welcomed by the Export-Import Bank because of its fixed policy of encouraging rather than competing with private capital.

The entrance of the Export-Import Bank into the field of emergency reconstruction credits will have a marked effect upon the rate of disbursement of the bank's funds. These credits, which already amount to approximately \$1 billion, are for emergency purchases in the United States of articles which can be supplied, for the most part, within a relatively short period of time. Disbursements under the bank's reconstruction credits will be made, therefore, at a rapid rate.

## REPAYMENTS

Repayments of principal received by the Export-Import Bank during the last 6 months of 1945, shown in table 4, amounted to \$20.6 million, of which \$6.3 million were received from various Latin-American countries and \$14 million from China. With minor exceptions, as explained in the following section, all principal repayments falling due during the period were promptly met by borrowers. The small amount of repayments is explained by the terms of outstanding and newly authorized Export-Import Bank credits. The maturities of the bank's credits typically extend over a period of years. Further-

Table 4.—*Repayments of Principal on Export-Import Bank Loans, by Countries, During 6 Months Ended December 31, 1945*

[IN THOUSANDS OF DOLLARS]			
Country	Amount	Country	Amount
Latin America:		Latin America—Continued.	
Brazil.....	\$563	Venezuela.....	\$433
Chile.....	2,575	Various countries.....	140
Colombia.....	664	Total Latin America.....	6,319
Cuba.....	104		
Dominican Republic.....	178	Asia:	
Ecuador.....	87	China.....	13,964
Haiti.....	403	Total Asia.....	13,964
Honduras.....	45		
Mexico.....	706	Ethiopia.....	150
Nicaragua.....	158	Puerto Rico.....	30
Paraguay.....	245	Various countries.....	183
Salvador.....	15	Grand total.....	<sup>1</sup> 20,646
Uruguay.....	3		

<sup>1</sup> This figure, which excludes commissions received by the bank, differs slightly from the amount of "Repayment of principal on loans" shown in Appendix I, *Statement of Source and Utilization of Export-Import Bank Funds During 6 Months Ended December 31, 1945*, which includes such commissions.

more, it is frequently provided that amortization will not begin until several years after advances have been made to borrowers.<sup>8</sup>

Repayments on Export-Import Bank loans from the time of its establishment amounted to \$311 million at the end of 1945, or to 55 percent of aggregate loans during the life of the bank. Of this amount, \$150 million had been repaid on total Latin-American loans of \$306 million, \$84 million on total Asiatic loans of \$123 million, \$36 million on total European loans of \$93 million, and \$41 million on advances of approximately the same amount against other credits.

Outstanding loans at the end of 1945, representing the difference between gross disbursements and repayments with a small allowance for losses, were \$252 million. The amount outstanding on Latin-American loans was \$156 million, or 60 percent of the total. Outstanding credits involving Asiatic countries amounted to \$39 million and those involving European countries amounted to \$57 million. The increase in outstanding loans during the last half of 1945, amounting to \$38 million, was the net result of disbursements of approximately \$59 million and repayments of approximately \$21 million. The sum of outstanding loans and undisbursed commitments of the Export-Import Bank at the end of 1945 was \$1,560 million. Under the present limit of \$3,500 million on the loans and guaranties of the bank, its uncommitted resources at the end of the year were accordingly \$1,940 million.

## LOANS IN ARREARS

As of the end of 1945, past-due principal payments on Export-Import Bank loans regarded as in default (i. e., uncollectible) amounted to approximately \$213,000, representing an increase of \$35,000 during the last half of 1945. Past-due principal payments on loans in arrears (i. e., delinquent but collectible) amounted to approximately \$90,000, of which all but \$4,000 became delinquent during the last 6 months of the year. These amounts do not include principal payments on outstanding loans to Finland and Poland which were deferred during the war and which are therefore technically not in arrears.

Past due interest payments at the end of 1945 were \$4,000 on loans in default and \$107,000 on loans in arrears.

## EARNINGS

The cumulative net earnings of the Export-Import Bank at the end of 1945, which are reserved for future contingencies, were \$25.2 million after allowance for all operating and administrative expenses and for dividend payments to the Reconstruction Finance Corporation on the preferred stock of the bank.<sup>9</sup> Of this amount, approximately

<sup>8</sup> See Appendix F, *Statement of Principal and Interest Due, by Calendar Years, on Export-Import Bank Loans Outstanding as of December 31, 1945.*

<sup>9</sup> See Appendix G, *Statement of Condition of Export-Import Bank as of December 31, 1945.*

\$3.4 million were earned during the last half of 1945. Total income before administrative expenses during this period was approximately \$3.6 million. Administrative expenses were less than \$200,000.

These figures on earnings during the half year do not reflect the interest cost to the United States Government of the public funds used by the bank. The average rate of interest on the United States public debt is slightly under 2 percent per annum. The bank paid this rate during the period between July 1, 1945 and September 30, 1945 in the form of a dividend on its preferred stock held by the Reconstruction Finance Corporation. If this dividend payment had been deducted from net earnings and if a similar allowance had been made for the funds used by the bank during the last three months of the year in the form of capital stock subscribed by the Treasury, there would still have been a net gain to the bank in the last six months of 1945 of \$1.65 million.<sup>10</sup>

It should be emphasized that making a profit is not a major objective of the Export-Import Bank. Nevertheless, it is the policy of the bank's management not only to meet all administrative expenses out of earnings, but also to accumulate a reasonable reserve against possible future losses and thus keep the institution on a self-sustaining basis.

## COMMERCIAL BANK PARTICIPATIONS

It has been the practice of the Export-Import Bank to enter into so-called agency agreements with commercial banks under which commercial banks purchase notes from borrowers or from the bank with an undertaking by the Export-Import Bank to repurchase them on demand. Because of these arrangements, loan authorizations by the Export-Import Bank often entail the use of no public funds.<sup>11</sup> As of the end of 1945, out of total outstanding loans of \$252 million, approximately \$103 million were held by commercial banks pursuant to agency agreements with the Export-Import Bank and the remaining \$149 million by the Export-Import Bank directly.<sup>12</sup> Since the Export-Import Bank has a contingent liability for loans put out by agent banks, the whole amount of outstanding loans applies against the statutory limit on the loans and guaranties of the Export-Import Bank.

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<sup>10</sup> See Appendix H, *Statement of Income and Expenses of Export-Import Bank During 6 Months Ended December 31, 1945*.

<sup>11</sup> See Appendix I, *Statement of Source and Utilization of Export-Import Bank Funds During 6 Months Ended December 31, 1945*, for an accounting of the means of financing the bank's operations during the last half of 1945.<sup>1</sup>

<sup>12</sup> See Appendix J, *Loans Disbursed by Commercial Banks Under Agency Agreements with Export-Import Bank as of December 31, 1945*, for a listing of participations by individual banks under agency agreements.

# Policy Issues

**T**HE principal policy issues coming before the Export-Import Bank during the last half of 1945 were (1) the question of the rate of interest on the bank's long-term loans to foreign governments; (2) the propriety of loans by the bank to foreign governments in default on their obligations to private United States investors; (3) the issue raised by restricting the use of the bank's loans in general to purchases of United States products and services; (4) the proposals for a system of export credit and transfer guaranties to be administered by the bank; and (5) the policy of the bank with respect to private trade.

## INTEREST RATES

The question of the rate of interest on Export-Import Bank loans to foreign governments was one of the first issues considered by the National Advisory Council on International Monetary and Financial Problems under its authority to coordinate the policies and operations of agencies engaged in making foreign loans. The Council recommended that:

The Export-Import Bank's general rate of interest on 20 to 30 year loans to foreign governments for reconstruction and development should be 3 percent during the next period. In the case of loans with serial maturities, the *average* rate should be 3 percent. This rate should be uniform for all governments. The appropriate rate or rates should be reviewed from time to time as relevant factors change.

In financing the export of goods for which requisitions have been filed by foreign governments under Lend-Lease and accepted by this government prior to VJ-Day, the Bank's interest rate should be 2½ percent for 30 year loans, i. e., the same as in Lend-Lease 3(c) agreements.

The Council's recommendation was based upon a number of factors. The more important of these were: the legislative background of the Export-Import Bank; the possible rates of interest to be charged by the International Bank; the present and prospective rates in the private capital market; and the interest rate structure of the public

debt. Other factors taken into consideration included the reserve policy and administrative expenses of the Export-Import Bank; the relation of interest rates on Export-Import Bank loans to the prospect of repayment; the possibility of resale by the Export-Import Bank of foreign obligations to commercial banks and other private investors; and the benefits the United States would derive from world-wide economic reconstruction.

Although all of these factors were taken into account, the conclusion of the Council was based largely on the consideration that the rates of interest charged on Export-Import Bank loans should cover their cost to the United States Government. The cost to the United States Government of making loans through the Export-Import Bank consists of three elements: (a) the cost of money to the United States Treasury; (b) the operating expenses of the Export-Import Bank; and (c) the accumulation of reserves by the bank sufficient to cover losses.

The cost to the United States Government of the funds made available to the Export-Import Bank by the Treasury through subscriptions to its capital stock or through the purchase of its obligations was considered to be the computed interest rate on the outstanding Government debt. The reason for using this average rate, which is at present slightly less than 2 percent, is that the funds supplied to the bank through the Treasury cannot be identified as funds which the latter has borrowed at any particular maturity. The Treasury obtains funds from the market as necessary at various maturities, depending upon circumstances, and makes disbursements out of these borrowed funds as required. The cost of any particular allotment of funds by the Treasury to another agency of the Government may be regarded, therefore, as the average cost to the Treasury of all its borrowed funds with the spread of maturities in existence at the time. This average cost may be taken, accordingly, as the interest cost to the United States Government of loans made through the Export-Import Bank.

The cost of making loans through the Export-Import Bank over and above the cost of its funds obtained through the Treasury has been placed arbitrarily at 1 percent. The administrative expenses of the bank, which were running at the rate of \$350,000 per annum during the last half of 1945, is at present a minor element in this additional cost. The major element is the accumulation of reserves which will be necessary if the bank is to operate without a net loss. The 1 percent risk margin corresponds to the minimum commission which may be charged by the International Bank during the first 10 years of its existence.

On the basis of the cost to the United States Government of loans through the Export-Import Bank, therefore, the bank should attempt

to obtain an average rate of 3 percent on its whole portfolio, of which 2 percent should be regarded as interest cost and the remaining 1 percent as risk factor. Since the Export-Import Bank usually arranges serial maturities for long-term loans, an average rate of 3 percent on recent loans has been achieved in practice by varying the rate applicable to the different maturities. Prior to the establishment of this general policy, the average rate on the bank's outstanding loans was approximately 4 percent. This is still the going rate on loans other than long-term loans to foreign governments.<sup>1</sup>

## LOANS TO GOVERNMENTS IN DEFAULT

The Export-Import Bank is frequently questioned about the propriety of its loans to foreign governments in default on their obligations to private United States investors.

The bank encourages foreign governments to make reasonable settlements with private United States holders of their defaulted obligations and to make payments of interest and principal to bondholders on agreed-upon terms. Furthermore, in reviewing applications for new loans, the bank gives appropriate weight to defaults on obligations to private investors in its appraisal of the credit standing of foreign governments and the "reasonable assurance of repayment" of loans from the bank. However, the bank has not ordinarily made payment of service on outstanding dollar obligations a condition of its loans to foreign countries.

The bank's position in this regard may be justified on a number of grounds. In the first place, it has been the general policy of the United States Government not to intervene officially in settlements between foreign debtors and United States creditors. In the second place, the Export-Import Bank's statutory purpose is to aid in the financing and facilitating of exports and imports and the exchange of commodities between the United States and other countries. Accordingly, in passing on applications for loans, the management of the bank must first consider whether this purpose will be served. All other considerations must in the nature of the case be secondary.

Finally, the assistance which the Export-Import Bank renders other countries in carrying out programs of reconstruction and development may reasonably be expected to strengthen their economies and thus to improve the position of private United States holders of their defaulted obligations and enhance the possibility of a resumption of payment to the bondholders.

<sup>1</sup> Details regarding rates and maturities on loans by the Export-Import Bank during the last half of 1945 are given in Chapter II—Operations. See section: Other Reconstruction Loans.

## LOANS FOR DOLLAR REQUIREMENTS ONLY

It is the general policy of the Export-Import Bank to finance only the dollar requirements of its borrowers. In other words, the bank extends the amount of credit shown by the borrower to be required for the purchase of materials and equipment produced or manufactured in the United States and the technical services of American firms and individuals. Specifically, the bank does not, except in extraordinary circumstances, finance outlays in the borrower's own currency, such as wages paid to the nationals of his country. Nor is the bank prepared, except in unusual cases, to finance the borrower's purchases in a foreign country other than the United States.

The justification for this policy involves consideration of the interests both of the bank and of the borrower himself. The bank's loans are all, directly or indirectly, foreign loans. They involve for the ultimate recipient of the credit the necessity of effecting repayment in dollars. Disbursements for local materials and labor, if financed within the borrowing country itself, entail no such burden upon the country's foreign exchange resources. If financed abroad, on the other hand, they involve a drain upon the country's gold and dollar holdings or upon its current receipts from exports and other sources of foreign exchange. Only in rare cases, moreover, is such local financing unavailable. To finance such outlays would add unnecessarily, therefore, to the borrowing country's external obligations and to the bank's risks of loss because of transfer difficulties.

Similarly, if the bank were to finance the exports of third countries, both it and the borrower would be involved in unnecessary hazard. If, for example, a credit were granted enabling Finland to buy cotton in Brazil, a specific lien would be placed upon Finland's future receipts of *dollars*, a lien which could as well be satisfied by a contract in Brazilian *cruzeiros*. There is no reason, moreover, to assume that exporting countries cannot supply credit to finance their exports.

It is the purpose of the Export-Import Bank to facilitate the exports and the imports of the United States. It is prepared to extend credits covering either or both, and upon like terms. American foreign trade is large in absolute terms, but it constitutes a much smaller percentage of domestic trade than is the case in other leading trading countries. As a consequence, it has been conducted within a community in which credit terms, particularly the terms of repayment, are those appropriate to domestic trade. It is the bank's purpose to supplement the facilities afforded by the rest of the financial community and, by so doing, to make available to United States exporters and importers the type of facilities supplied in other countries by the private capital market.

It is not the purpose of the bank to give to American exporters or importers an unfair advantage over their foreign competitors or to divert trade from the channels in which they would flow in response to free and equal choice. For the time being, the goods needed by a necessitous world are, in most cases, physically available only in the United States, and the question of relative advantage as between this and other countries in financial arrangements can play little or no part in the decision where to purchase. In the longer period, when alternative sources of supply will again be available to the world's buyers, the Export-Import Bank will be chargeable with diverting trade unfairly only if it can be demonstrated that the terms it offers are substantially out of line with the credit conditions prevailing in the American financial market as a whole.

## EXPORT CREDIT AND TRANSFER GUARANTIES

The Export-Import Bank has given careful study over a period of years to the question of a system of export credit and transfer guaranties to be administered by the bank. It should be emphasized in this connection that the Export-Import Bank has already gone far to meet the need for such a system, in so far as medium-term credits are concerned, by financing specific exports up to a given percentage without recourse on the exporter. In this way the exporter is relieved to the extent of the bank's participation of both credit and transfer risk.

The Export-Import Bank is prepared to expand its medium-term commitments of this character and would be prepared also to enter into general arrangements with exporters under which a stipulated volume of business could be financed at any time through the Export-Import Bank without recourse on the exporter. The remaining question is whether the Export-Import Bank should undertake a more general scheme of export credit and transfer guaranties applying to both short-term and medium-term export credits along the lines of the British and Canadian systems. Interest in this possibility has recently been revived by the investigations of the Senate Subcommittee on Foreign Trade for Small Business under the chairmanship of Senator Pepper. Various plans have been advanced and are under consideration by the committee, which contemplates holding public hearings early in 1946. The Export-Import Bank has summarized its preliminary position on the issue in the following excerpt from a letter sent to Senator Pepper by the President of the Bank on June 23, 1945:

The Bank has given careful study to the need for export credit insurance in the United States along the lines of the British system and to the manner and extent of the necessary government participation in a system adapted to our own requirements. The Bank's findings do not lead it to recommend that the United States



follow the British example of a specially-created government agency to offer both short-term and medium-term insurance against nonpayment by the foreign buyer for any cause. The basis for this position is given briefly below:

1. Protection against the risk of nonpayment by the foreign buyer because of his inability to *transfer* payment in the exporter's currency must be sharply distinguished, with respect both to need and to necessary government participation, from protection against the risk of nonpayment because of the insolvency of the foreign buyer or other contingencies involving his *credit*. Furthermore, protection against *short-term* transfer and credit risks requires different treatment from *medium-term* and *long-term* risks.

2. The demand for short-term export credit guaranties in the United States is too small to warrant the establishment of the elaborate organization which would be required under a system operated by the government.

3. What need there is for short-term export credit guaranties can probably be satisfied or eliminated through private action, including (a) the establishment of private credit guaranty organizations; (b) pooling of credit information by groups of exporters; (c) further development of private export credit information services; (d) use of the credit facilities of established export houses; and (e) improvement of credit management in individual firms.

4. The principal need in the immediate future, as well as in the longer run, is for more adequate facilities to enable exporters of capital goods to sell abroad on reasonably extended terms and to obtain the credit or the credit and transfer guaranties required for this purpose. The resources of the Export-Import Bank should be reserved largely to provide assistance of this character rather than be tied up in commitments to exporters of consumer goods which are sold on a short-term basis with a minimum of credit or transfer risk and which can usually be financed without difficulty through commercial banking channels.

In order more adequately to meet the need for medium-term facilities, the Export-Import Bank makes the following recommendations:

1. That, subject to an increase in its lending authority, the Export-Import Bank agrees under appropriate conditions, with respect to individual export transactions involving credit terms of from 1 to 5 years or with respect to an approved volume of transactions involving such terms entered into by an individual exporter with buyers in designated foreign countries, to relieve exporters up to a maximum of 100 percent of the risk of nonpayment because of the inability of the foreign buyer to obtain dollars in exchange for his own currency (this coverage to be restricted to exports to countries which are at the time it is extended members of the International Monetary Fund) and from 50 to 75 percent of the risk of nonpayment for all other causes.

2. That the Export-Import Bank accomplish this either, as in the past, by nonrecourse loans to exporters (which relieve them of all risks to the extent of the Bank's participation) or by giving its contingent guaranty against nonpayment because of inability to transfer dollars (up to 100 percent) or for other causes (up to 75 percent).

3. That the contingent guaranties of the Bank against credit and transfer risks be made available on a fee basis to (a) individual exporters, (b) banks, and (c) export credit guaranty organizations, the terms to be so arranged that it will be no less costly for exporters to take advantage of the Bank's guaranties by direct access rather than through their banks or through private guaranty organizations.

The Bank will continue, of course, to assist in the financing of exports involving credit terms longer than 5 years in accordance with its established practices and policies. The provision of credit and transfer guaranties applying to exports involving credit terms of from 1 to 5 years, as recommended above, would not,

in the opinion of the Bank, require any enlargement of its organization or personnel except as may be made necessary by an over-all expansion of its operations.

## PRIVATE TRADE

In making reconstruction loans to liberated and war-devastated countries, the Export-Import Bank has been guided continually by the desire to restore foreign trade to private channels as rapidly as possible. Toward this end, the bank has refrained completely from interfering in arrangements between foreign purchasers and American exporters and has encouraged in every way the use of private trade channels.

Sixty days after VJ-Day (i. e., on Nov. 2) Government procurement facilities in the United States were closed to foreign governments, which thereafter were obliged to make their purchases in the open market. It is significant that these governments, far from deploring this change, have without exception shown an anxiety to effect purchases through American private trade channels. They have been unable, however, to depend upon private initiative in their own countries to procure essential goods for relief and reconstruction or quickly to establish workable systems for maintaining import priorities through the licensing of individual importers. They have continued, therefore, to make their purchases to a large extent through Government purchasing missions in the United States rather than to permit the trade to revert to private importers in their respective countries. Even so, some progress has been made in this direction.

Further progress toward restoring trade to private hands in foreign countries will depend upon the extent to which foreign governments are able and willing to curtail the activities of their purchasing missions in this country. Practically all of the missions now in existence were set up as temporary organizations to meet the exigencies of supply and transport created by the war. They perform a variety of functions ranging from a simple expediting activity to direct procurement and shipment. During the war, many missions served as central agencies for the preparation of estimates of requirements, handled lend-lease transactions, procured in the open market goods deemed essential to civilian economies which were not obtainable under lend-lease, and arranged supply priorities and shipping space. With the end of the war, some of these operations have been dropped and certain missions have curtailed their activities accordingly. However, some missions are still engaged in making arrangements for the delivery of and payment for goods in the lend-lease "pipe-line" or ordered under cash-reimbursable lend-lease and others have continued to supervise various aspects of trade in their respective countries and to carry out procurement operations in connection with their programs of rehabilitation, reconstruction, and development. A few

new missions have been established since VE-Day to assist in the work of rehabilitation and reconstruction.

Although some American businessmen have expressed partial satisfaction with the operations of certain foreign purchasing missions and have been gratified by the volume of business received from them, numerous complaints have also been made, especially by merchant exporters, with regard to the operations of the missions which bypass established trade channels, suspend normal pricing methods, subordinate the use of trade names, and break long-established relations between suppliers in the United States and their distributors abroad. Exporters generally fear that the activities of the missions may lead to their permanent establishment as the regular or principal channels through which the countries concerned will carry their future trade with the United States.

With respect to foreign purchasing missions designed to meet the exigencies of wartime procurement, the United States Government recognizes that many of them will need to continue their operations during the transitional period, but believes that such operations should be subject to certain conditions and that, as the transitional period draws to an end, the missions should be disestablished.

# APPENDIXES

## *Appendix A—Export-Import Bank Act of 1945*

[PUBLIC LAW 173—79TH CONGRESS]

[CHAPTER 341—1ST SESSION]

[H. R. 3771]

AN ACT

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Export-Import Bank Act of 1945".*

SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued as an agency of the United States, and in addition to existing charter powers, and without limitation as to the total amount of obligations thereto of any borrower, endorser, acceptor, obligor, or guarantor at any time outstanding, it is hereby authorized and empowered to make loans, to discount, rediscount or guarantee notes, drafts, bills of exchange, and other evidences of debt, or participate in the same, for the purpose of aiding the financing and facilitating of 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. The Bank is hereby authorized to use all its assets, including capital and net earnings therefrom, and to use all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency.

(b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out 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.

SEC. 3. (a) (1) The management of the Export-Import Bank of Washington shall be vested in a Board of Directors consisting of the Administrator of the Foreign Economic Administration, who shall serve as Chairman, the Secretary of State, and three persons appointed by the President of the United States by and with the advice and consent of the Senate. The Secretary of State, to such extent as he deems it advisable, may designate to act for him in the discharge of his duties as a member of the Board of Directors any officer of the Department of State who shall have been appointed by and with the advice and consent of the Senate.

(2) If the Foreign Economic Administration ceases to exist in the Office for Emergency Management in the Executive Office of the President, the President of the United States shall appoint by and with the advice and consent of the Senate another member of the Board of Directors. The member so appointed shall serve for the remainder of the existing terms of the other three appointed members, but successors shall be appointed for terms of five years. After the Foreign Economic Administrator ceases to be a member of the Board of Directors, the President of the United States shall, from time to time, designate one of the members of the Board to serve as Chairman.

(3) Of the five members of the Board, not more than three shall be members of any one political party. Each of the appointed directors shall devote his time not otherwise required by the business of the United States principally to the business of the Bank. Before entering upon his duties each of the directors so appointed and each officer of the Bank shall take an oath faithfully to discharge the duties of his office. The terms of the appointed directors shall be five years, except that the terms of the directors first appointed shall run from the date of appointment until June 30, 1950. Whenever a vacancy occurs among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. Each of the appointed directors shall receive a salary at the rate of \$12,000 per annum, unless he is an officer of the Bank, in which event he may elect to receive the salary of such officer. No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

(b) A majority of the Board of Directors shall constitute a quorum.

(c) The Board of Directors shall adopt such bylaws as are necessary for the proper management and functioning of the Export-Import Bank of Washington, and may amend the same.

(d) There shall be an Advisory Board consisting of the Chairman of the Export-Import Bank of Washington, who shall serve as Chairman, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Board of Governors of the Federal Reserve System, which shall meet at the call of the Chairman. The Advisory Board may make such recommendations to the Board of Directors as it deems advisable, and the Board of Directors shall consult the Advisory Board on major questions of policy.

(e) Until October 31, 1945, or until at least two of the members of the Board of Directors to be appointed have qualified as such directors, whichever is the earlier, the affairs of the Bank shall continue to be managed by the existing Board of Trustees.

(f) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the Bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

Sec. 4. The Export-Import Bank of Washington shall have a capital stock of \$1,000,000,000 subscribed by the United States. Payment for \$1,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the common stock heretofore issued by the Bank and purchased by the United States. Payment for \$174,000,000 of such capital stock shall be made by the surrender to the Bank for cancellation of the preferred stock heretofore issued by the Bank and purchased by the Reconstruction Finance Corporation. Payment for the \$825,000,000 balance of such capital stock shall be subject to call at any time in whole or in part by the Board of Directors of the Bank. For the purpose of making payments of such balance, the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the subscription of the United States to the Bank and repayments thereof shall be treated as public-debt transactions of the United States. Certificates evidencing stock ownership of the United States shall be issued by the Bank to the President of the United States, or to such other person

or persons as he may designate from time to time, to the extent of the common and preferred stock surrendered and other payments made for the capital stock of the Bank under this section.

SEC. 5. (a) The Secretary of the Treasury shall pay to the Reconstruction Finance Corporation the par value of the preferred stock upon its surrender to the Bank for cancellation. For the purpose of making such payments to the Reconstruction Finance Corporation the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this subsection to the Reconstruction Finance Corporation shall be treated as public-debt transactions of the United States.

(b) Any dividends on the preferred stock accumulated and unpaid to the date of its surrender for cancellation shall be paid to the Reconstruction Finance Corporation by the Bank.

SEC. 6. The Export-Import Bank of Washington is authorized to issue from time to time for purchase by the Secretary of the Treasury its notes, debentures, bonds, or other obligations; but the aggregate amount of such obligations outstanding at any one time shall not exceed two and one-half times the authorized capital stock of the Bank. Such obligations shall be redeemable at the option of the Bank before maturity in such manner as may be stipulated in such obligations and shall have such maturity and bear such rate of interest as may be determined by the Board of Directors of the Bank with the approval of the Secretary of the Treasury. The Secretary of the Treasury is hereby authorized and directed to purchase any obligations of the Bank issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such purpose. Payment under this section of the purchase price of such obligations of the Bank and repayments thereof by the Bank shall be treated as public-debt transactions of the United States.

SEC. 7. The Export-Import Bank of Washington shall not have outstanding at any one time loans and guaranties in an aggregate amount in excess of three and one-half times the authorized capital stock of the Bank.

SEC. 8. The provisions of the existing charter of the Bank relating to the term of its existence, to the management of its affairs, and to its capital stock are superseded by the provisions of this Act and the Bank shall be exempt from compliance with any provisions of law relating to the amendment of certificates of incorporation or to the retirement or increase of stock of District of Columbia corporations and from the payment of any fee or tax to the Recorder of Deeds of the District of Columbia determined upon the value or amount of capital stock of the Bank or any increase thereof.

SEC. 9. The Export-Import Bank of Washington shall transmit to the Congress semiannually a complete and detailed report of its operations. The report shall be as of the close of business on June 30 and December 31 of each year.

SEC. 10. Section 9 of the Act of January 31, 1935 (49 Stat. 4, ch. 2), as amended, is repealed.

SEC. 11. Notwithstanding the provisions of the Act of April 13, 1934 (48 Stat., ch. 112, p. 574), any person, including any individual, partnership, corporation, or association, may act for or participate with the Export-Import Bank of Washington in any operation or transaction, or may acquire any obligation issued in connection with any operation or transaction, engaged in by the Bank.

Approved July 31, 1945.

*Appendix B.—Reconstruction Loans to Foreign Governments  
by Canadian Government*

The Canadian Export Credits Insurance Act, passed by the Dominion Parliament in 1944, provides in part II for agreements with foreign countries or their agencies to provide them with credits "for the purpose of facilitating and developing trade between Canada and any other country." The amount which the Government was authorized to lend to foreign governments was fixed at \$100 million.<sup>1</sup>

Pursuant to this authorization, credits were extended during 1945 by the Government of Canada to the Governments of Belgium, Czechoslovakia, Netherlands, Netherlands Indies, Norway, and the Union of Soviet Socialist Republics in the amounts and on the terms shown below:

Country	Amount (millions)	Amortiza- tion period	Interest rate (percent)
Belgium.....	\$25	1947-76	1
Czechoslovakia.....	19	1950-54	2½
Netherlands.....	25	1950-54	2½
Netherlands Indies.....	15	1950-54	2½
Norway.....	13	1951-59	2½
Union of Soviet Socialist Republics.....	3	1950-	2
Total.....	100		

In December 1945 the Canadian Parliament authorized an increase from \$100 million to \$750 million in the amount of direct loans which might be made by the Government of Canada to foreign governments. The Minister of Finance, in presenting the request to Parliament for increased lending authority, stated that the additional \$650 million would be used largely for loans to Western European countries, the Union of Soviet Socialist Republics, China, and the Netherlands Indies. It was not for the purpose of extending credit to the United Kingdom, for which a separate and further authorization is to be requested. He indicated that undertakings had already been given, subject to the granting of legislative authority, for a loan to France of \$242.5 million; to the Netherlands an additional \$60 million; to Norway an additional \$17 million; and to the Netherlands Indies an additional \$50 million. He also indicated that the Canadian Government had agreed to make an additional loan to Belgium and had under consideration loans to China and the Union of Soviet Socialist Republics. Subsequently, the Canadian Government extended a credit of \$35 million to China, in addition to a credit of \$25 million for the purchase of goods originally scheduled for transfer to China under the Canadian Mutual Aid Program, and a credit of \$100 million to the Netherlands in addition to the \$25-million loan

<sup>1</sup>All figures given in this appendix are in terms of Canadian dollars.

previously extended. The credit to China is to be repaid in 30 annual installments beginning in 1948 with the rate of interest at 3 percent per annum; the credit to the Netherlands is to be repaid in 27 annual installments beginning in 1950 with interest at approximately 3.05 percent per annum.

The major policies which were being followed in making these loans, as described by the Minister of Finance, are summarized below:

In the first place, the loans are a recognition of Canada's stake in the economic reconstruction of allied countries. Canada has both an immediate interest in reviving and developing her export trade during the reconstruction period and a longer-term interest based on the belief that the furnishing of these credits will lead to a better export trade and better import trade in the future by enabling foreign countries quickly to restore their economies.

In the second place, Canada has a security interest in the economic health of Europe and Asia. Canada is therefore prepared to accept the risks of lending for reconstruction purposes within reasonable limits, where Canadian interests are involved, so long as private investors and private enterprise cannot reasonably be expected to accept these risks.

In the third place, the loans are being extended to foreign governments at rates of interest equal to the rates at which the Dominion Government itself can borrow plus a small margin to cover overhead costs.

In the fourth place, amortization is arranged over a series of years commencing as soon as the borrowing country feels it will be able to commence repayment.

In the fifth place, the Canadian Government inquires about the nature and scale of the purchases to be made by the country receiving the credits. These are examined to see how they fit in with the supply position in Canada to insure that Canada's own essential requirements are not in danger and that they do not provide more credit than can be effectively used. However, the Canadian Government does not bind borrowers to rigid schedules of purchases, since they do not know in advance their precise needs or what is available. Nor does the Government guarantee supply or priorities, although it does offer some assistance in purchasing.

In the sixth place, borrowing countries are requested to purchase part of their requirements in Canada for cash, the usual fraction being in the neighborhood of one-fifth or one-sixth. The reason for this is that Canada must have some current income of foreign exchange to pay for essential imports and to maintain service on indebtedness to the United States and other countries. Another reason is that most of the countries are doing some cash purchasing, of which Canada should get a share.

In the seventh place, it has been the policy of the Canadian Government not to ask for any commercial or other concessions as a consideration or condition for reconstruction loans. They are regarded as standing on their own feet, justified by the terms of interest and repayment together with the manner and extent to which they promote Canada's trade interests in the short run and the long run. In some instances there have been collateral discussions of commercial policy issues, but conditions have in no case been attached to the loan agreements themselves.

Under the terms of the Export Credits Insurance Act, the Canadian Government may make loans to foreign governments only to pay the cost of Canadian-produced goods.



The policies of the Canadian Government in making reconstruction loans are generally similar to those which have been followed by the Export-Import Bank in extending reconstruction credits. The Canadian Government has offered lower rates of interest in relation to its own cost of borrowing than the Export-Import Bank and has been more flexible with respect to the specification in advance of the purposes for which credits would be used. The Export-Import Bank has not required cash purchases by borrowing countries as a condition of its reconstruction loans, since the position of the United States in this regard is fundamentally different from that of Canada. In all other respects, the policies are much the same.

The Canadian and United States Governments have kept each other informed of their foreign loan activities under the Canadian Export Credits Insurance Act, on the one hand, and through the Export-Import Bank, on the other.

Appendix C.—Gold and Dollar Assets of Foreign Countries as of December 31, 1938, and June 30, 1945

[IN MILLIONS OF DOLLARS]

Country	Gold <sup>1</sup>		Dollars <sup>2</sup>		Total	
	Dec. 1938	June 1945	Dec. 1938	June 1945	Dec. 1938	June 1945
<b>LATIN AMERICA</b>						
Argentina.....	431	\$ 1,110	( <sup>3</sup> )	73	( <sup>4</sup> )	1,183
Bolivia.....	3	( <sup>5</sup> )	( <sup>6</sup> )	19	( <sup>7</sup> )	( <sup>8</sup> )
Brazil.....	32	340	( <sup>9</sup> )	146	( <sup>10</sup> )	486
Chile.....	30	80	( <sup>11</sup> )	67	( <sup>12</sup> )	147
Colombia.....	24	100	( <sup>13</sup> )	76	( <sup>14</sup> )	176
Costa Rica.....		( <sup>15</sup> )	( <sup>16</sup> )	7	( <sup>17</sup> )	( <sup>18</sup> )
Cuba.....		170	( <sup>19</sup> )	190	( <sup>20</sup> )	360
Mexico.....	29	230	( <sup>21</sup> )	164	( <sup>22</sup> )	394
Panama.....			( <sup>23</sup> )	86	( <sup>24</sup> )	86
Peru.....	20	30	( <sup>25</sup> )	36	( <sup>26</sup> )	66
Venezuela.....	52	175	( <sup>27</sup> )	41	( <sup>28</sup> )	216
Other Latin America.....	86	( <sup>29</sup> )	( <sup>30</sup> )	135	( <sup>31</sup> )	( <sup>32</sup> )
Total Latin America.....	708	2,610	255	1,042	963	3,652
<b>EUROPE</b>						
Belgium.....	625	730	( <sup>33</sup> )	142	( <sup>34</sup> )	872
Denmark.....	53	( <sup>35</sup> )	( <sup>36</sup> )	14	( <sup>37</sup> )	( <sup>38</sup> )
Finland.....	26	( <sup>39</sup> )	( <sup>40</sup> )	7	( <sup>41</sup> )	( <sup>42</sup> )
France.....	2,761	1,175	191	372	2,952	2,147
Germany.....	29	( <sup>43</sup> )	20	7	49	( <sup>44</sup> )
Greece.....	27	( <sup>45</sup> )	( <sup>46</sup> )	57	( <sup>47</sup> )	( <sup>48</sup> )
Italy.....	193	( <sup>49</sup> )	23	44	216	( <sup>50</sup> )
Luxembourg.....			( <sup>51</sup> )	19	( <sup>52</sup> )	19
Netherlands.....	998	500	98	213	1,096	713
Norway.....	94	( <sup>53</sup> )	( <sup>54</sup> )	241	( <sup>55</sup> )	( <sup>56</sup> )
Portugal.....	69	( <sup>57</sup> )	( <sup>58</sup> )	41	( <sup>59</sup> )	( <sup>60</sup> )
Rumania.....	133	( <sup>61</sup> )	( <sup>62</sup> )	9	( <sup>63</sup> )	( <sup>64</sup> )
Spain.....	\$ 625	110	( <sup>65</sup> )	32	( <sup>66</sup> )	142
Sweden.....	321	480	( <sup>67</sup> )	165	( <sup>68</sup> )	645
Switzerland.....	701	1,070	217	261	918	1,331
U. S. S. R.....	( <sup>69</sup> )	( <sup>70</sup> )	( <sup>71</sup> )	21	( <sup>72</sup> )	( <sup>73</sup> )
United Kingdom.....	2,690	7,840	439	802	3,129	7,180
Yugoslavia.....	57	( <sup>74</sup> )	( <sup>75</sup> )	6	( <sup>76</sup> )	( <sup>77</sup> )
Other Europe.....	( <sup>78</sup> )	( <sup>79</sup> )	250	80	( <sup>80</sup> )	( <sup>81</sup> )
Total Europe.....	( <sup>82</sup> )	( <sup>83</sup> )	1,238	2,562	( <sup>84</sup> )	( <sup>85</sup> )
<b>ASIA</b>						
China.....	18	( <sup>86</sup> )	( <sup>87</sup> )	520	18	( <sup>88</sup> )
French Indo-China.....			( <sup>89</sup> )	28	( <sup>90</sup> )	28
Hong Kong.....			( <sup>91</sup> )	22	( <sup>92</sup> )	22
India, Burma and Ceylon.....	275	275	( <sup>93</sup> )	23	( <sup>94</sup> )	298
British Malaya.....			( <sup>95</sup> )	1	( <sup>96</sup> )	1
Japan and Manchuria.....	164	( <sup>97</sup> )	( <sup>98</sup> )	4	( <sup>99</sup> )	( <sup>100</sup> )
Netherlands Indies.....	80	( <sup>101</sup> )	( <sup>102</sup> )	111	( <sup>103</sup> )	( <sup>104</sup> )
Philippine Islands.....			( <sup>105</sup> )	50	( <sup>106</sup> )	50
Turkey.....	30	235	( <sup>107</sup> )	52	( <sup>108</sup> )	287
Other Asia.....	26	( <sup>109</sup> )	( <sup>110</sup> )	69	( <sup>111</sup> )	( <sup>112</sup> )
Total Asia.....	593	( <sup>113</sup> )	282	878	875	( <sup>114</sup> )
<b>OTHER COUNTRIES</b>						
Australia.....	3	( <sup>115</sup> )	( <sup>116</sup> )	31	( <sup>117</sup> )	( <sup>118</sup> )
Canada.....	192	( <sup>119</sup> )	235	1,287	427	( <sup>120</sup> )
Egypt and Anglo-Egyptian Sudan.....	55	50	( <sup>121</sup> )	11	( <sup>122</sup> )	61
French Morocco.....	4	( <sup>123</sup> )	( <sup>124</sup> )	4	( <sup>125</sup> )	( <sup>126</sup> )
French West Indies and French Guiana.....			( <sup>127</sup> )	6	( <sup>128</sup> )	6
Netherlands West Indies and Surinam.....		( <sup>129</sup> )	( <sup>130</sup> )	29	( <sup>131</sup> )	( <sup>132</sup> )
New Zealand.....	23	23	( <sup>133</sup> )	3	( <sup>134</sup> )	26
Union of South Africa.....	220	880	( <sup>135</sup> )	6	( <sup>136</sup> )	886
All other.....	20	( <sup>137</sup> )	32	70	52	( <sup>138</sup> )
Total other countries.....	517	( <sup>139</sup> )	267	1,427	784	( <sup>140</sup> )
Unidentified.....						17
Grand total.....	\$ 12,930	\$ 15,115	2,042	5,927	\$ 14,972	\$ 21,042

<sup>1</sup> Gold at home and abroad.

<sup>2</sup> Deposits in United States banks and other short-term assets; holdings of United States securities are excluded.

<sup>3</sup> Figure is for December 1944, the last date for which total holdings have been published. An estimate of holdings in excess of this figure, as of June 1945, is included in totals.

<sup>4</sup> The assets of these countries are included in the totals but are not separately available for the dates indicated.

<sup>5</sup> Data for these countries and areas are unpublished or not fully up to date, but estimates are included in area totals, where given, and in grand totals.

<sup>6</sup> Figure is for April 1938.

<sup>7</sup> Net gold and net dollar reserves.

<sup>8</sup> Reported gross dollar holdings; see footnote <sup>7</sup>.

<sup>9</sup> Partly estimated.

SOURCE: Gold—Board of Governors of the Federal Reserve System; dollars—Treasury Department.

Appendix D.—Statement of Loans and Commitments

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
<b>LATIN AMERICA</b>				
Argentina, past operations, <sup>1</sup> total.....				\$93,480,000.00
<b>Bolivia:</b>				
Republic of Bolivia, Bolivian Development Corp.	314-315	Materials, equipment and services.	March 6, 1942	15,500,000.00
Total.....				\$15,500,000.00
Past operations.....				2,178,004.50
Total.....				17,678,004.50
<b>Brazil:</b>				
American-Brazilian Corp., New York.	233	Tropical products.....	June 12, 1939	1,117,049.28
Soroceabana Ry. (Electrical Export Corp.) <sup>1</sup> .	258	Electrical equipment.....	April 3, 1940	4,340,000.00
Rio Grande do Sul Ry. (Inland Steel Co.).	259	Steel rails.....	do.....	1,575,000.00
Companhia Siderurgica Nacional.	269	Steel-mill equipment.....	June 19, 1940	45,000,000.00
Republic of Brazil.....	293	United States machinery and equipment.	Mar. 18, 1941	1,220,000.00
Republic of Brazil—Companhia Vale do Rio Doce.	310	Railway and mining equipment.	Mar. 3, 1942	14,000,000.00
Banco do Brasil.....	349	Dollar exchange.....	Jan. 11, 1944	10,000,000.00
Republic of Brazil—Companhia Vale do Rio Doce.	358	Railway equipment.....	Jan. 27, 1945	5,000,000.00
Central Rys of Brazil (Electrical Export Corp.).	359	Electrical equipment.....	Feb. 12, 1945	4,500,000.00
Paulista Ry. Co. (Pullman Standard Car Export Corp.).	364	Rolling stock.....	April 12, 1945	2,500,000.00
Lloyd Brasileiro.....	376	Cargo steamers.....	Sept. 11, 1945	38,000,000.00
Total.....				127,252,049.28
Past operations.....				109,773,338.36
Total.....				237,025,387.64
<b>Chile:</b>				
Fomento Corp.....	245a	Industrial products and machinery.	Sept. 27, 1939	15,751,260.24
Do.....	245b	United States agricultural and industrial products.	July 1, 1941	4,248,739.76
Do.....	245c	Industrial products and machinery.	Dec. 30, 1944	13,000,000.00
Chilean State Rys.....	313	Railway equipment.....	Mar. 6, 1942	5,000,000.00
Ingenieria Electrica, S. A. C.....	355	Dollar exchange.....	Dec. 30, 1944	250,000.00
Chilean State Rys.: (Baldwin Locomotive Works)	372	Locomotives.....	July 13, 1945	1,200,000.00
(Electrical Export Corp.).....	373	Electrical equipment.....	do.....	2,000,000.00
Fomento Corp.....	374	Steel-mill equipment.....	Sept. 11, 1945	28,000,000.00
Total.....				69,450,000.00
Past operations.....				9,156,007.84
Total.....				78,606,007.84
<b>Colombia:</b>				
Republic of Colombia.....	296	Materials, equipment and services.	May 1, 1941	20,000,000.00
Republic of Colombia—Caja de Credito Agrario Industrial y Minero.	346	do.....	July 1, 1943	10,000,000.00
Empresa de Energia Electrica (Westinghouse Manufacturing Co. et al.).	351	Materials and equipment.....	Mar. 29, 1944	3,500,000.00
Republic of Colombia—Consejo de Ferrocarriles Nacionales.	352	Railway equipment.....	June 28, 1944	2,000,000.00
Ferrocarril de Antioquia (Baldwin Locomotive Works).	356	do.....	Dec. 30, 1945	202,800.00
Total.....				35,702,800.00
Past operations.....				11,022,856.00
Total.....				46,725,656.00

<sup>1</sup> The line designated "past operations" shows the total of commitments which were canceled or expired without being utilized and the total of previous loans which have been repaid in full.

of Export-Import Bank as of December 31, 1945

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding
	Amount	Expiration date			
\$93,090,000.00			\$390,000.00	\$390,000.00	
	\$15,500,000.00	Dec. 31, 1946			
48,250.58	15,500,000.00		2,129,753.92	2,129,753.92	
48,250.58	15,500,000.00		2,129,753.92	2,129,753.92	
			1,117,049.28	974,069.09	\$142,980.19
80,604.38	223,590.23	June 30, 1946	4,035,805.39	1,274,464.87	2,761,340.52
959,395.80			615,604.20	579,392.17	36,212.03
	5,431,786.14	Dec. 31, 1946	39,568,213.86		39,568,213.86
			1,220,000.00	1,067,500.00	152,500.00
	37,552.46	Dec. 31, 1946	13,962,447.54		13,962,447.54
	10,000,000.00	do			
	2,099,581.98	do	2,900,418.02		2,900,418.02
	4,500,000.00	do			
	2,500,000.00				
	38,000,000.00				
1,040,000.18	62,792,510.81		63,419,538.29	3,895,426.13	59,524,112.16
73,891,368.88			35,881,969.48	35,881,969.48	
74,931,369.06	62,792,510.81		99,301,507.77	39,777,395.61	59,524,112.16
			15,751,260.24	5,334,760.24	10,416,500.00
			4,248,739.76	3,498,739.76	750,000.00
	11,000,000.00	Dec. 31, 1946	2,000,000.00	100,000.00	1,900,000.00
	4,288,501.97	do	711,498.03		711,498.03
	250,000.00	do			
	1,200,000.00	do			
	2,000,000.00	do			
	28,000,000.00				
	46,738,501.97		22,711,498.03	8,933,500.00	13,777,998.03
6,688,678.30			2,467,329.54	2,467,329.54	
6,688,678.30	46,738,501.97		25,178,827.57	11,400,829.54	13,777,998.03
	3,836,056.30	Dec. 31, 1946	16,163,943.70	2,410,790.00	13,753,153.70
	9,770,000.00	do	230,000.00		230,000.00
	3,500,000.00	do			
	227,142.34	do	1,772,857.66	100,842.21	1,672,015.45
4,055.99	22,533.36	do	176,210.65	16,019.15	160,191.50
			18,343,012.01	2,527,651.36	15,815,360.65
4,055.99	17,355,732.00		10,181,385.48	10,181,385.48	
841,470.52					
845,526.51	17,355,732.00		28,524,397.49	12,709,036.84	15,815,360.65

<sup>1</sup> Name in parentheses is, in each case, that of the United States firm to which the credit was extended for the purpose of financing exports to the foreign purchaser indicated.

Appendix D.—Statement of Loans and Commitments

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
<b>LATIN AMERICA—continued</b>				
<b>Costa Rica:</b>				
Republic of Costa Rica.....	275	Construction material and services.	Sept. 23, 1940	\$5,000,000.00
Do.....	330	do.....	April 23, 1942	2,000,000.00
Total.....				7,000,000.00
Past operations.....				1,723,000.00
Total.....				8,723,000.00
<b>Cuba:</b>				
Republic of Cuba.....	294	Materials, equipment and services.	May 1, 1941	25,000,000.00
Past operations.....				65,366,535.31
Total.....				90,366,535.31
<b>Dominican Republic:</b>				
Dominican Republic.....	266	Construction material, equipment, and services.	June 7, 1940	3,000,000.00
Past operations.....				300,000.00
Total.....				3,300,000.00
<b>Ecuador:</b>				
Republic of Ecuador.....	262	U. S. agricultural and industrial products.	May 7, 1940	1,480,000.00
Republic of Ecuador—Corporacion Ecuatoriana de Fomento.	316	Materials, equipment and services.	Mar. 6, 1942	5,000,000.00
Republic of Ecuador—Quito and Guayaquil Water Supply System.	328	Materials, equipment and services.	Apr. 22, 1942	8,000,000.00
Republic of Ecuador.....	343	Materials, equipment and services.	Dec. 18, 1942	1,200,000.00
Do.....	371	U. S. services.....	July 13, 1945	1,000,000.00
Total.....				16,680,000.00
Past operations.....				105,000.00
Total.....				16,785,000.00
<b>Haiti:</b>				
Republic of Haiti (J. G. White Engineering Corp.).	201	Construction material.....	June 18, 1938	5,500,000.00
Republic of Haiti—Societe Haitiano Americaine de Developpement Agricole.	295	Development of rubber and other tropical products.	May 1, 1941	5,000,000.00
Total.....				10,500,000.00
Past operations.....				2,850,000.00
Total.....				13,350,000.00
<b>Honduras: Republic of Honduras, total.</b>	312	Materials and equipment.....	Mar. 6, 1942	2,700,000.00
<b>Mexico:</b>				
United States of Mexico.....	300	Highway construction, equipment and services.	Aug. 12, 1941	40,000,000.00
Altos Hornos de Mexico.....	323	Steel-mill equipment.....	Apr. 10, 1942	8,000,000.00
Fred Leighton R.....	338	Mexican handicraft.....	May 18, 1942	615,018.89
Petroleos Mexicanos.....	350	Gasoline refinery equipment.	Jan. 31, 1944	10,000,000.00
Nacional Financiera, S. A.—Mexican National Rys.	362	Railway equipment.....	Mar. 21, 1945	15,000,000.00
Cia. Fundidora de F. y A. Monterrey (United Engineering and Foundry Co. et al.).	366	Steel mill equipment.....	May 16, 1945	800,000.00
Nacional Financiera, S. A.....	379	Electrical equipment, materials and supplies.	Mar. 21, 1945	20,000,000.00
Total.....				94,415,018.89
Past operations.....				2,432,600.00
Total.....				96,847,618.89

\*R—denotes revolving credit.

*of Export-Import Bank as of December 31, 1945—Continued*

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding
	Amount	Expiration date			
	\$50,000.00	Jan. 21, 1947	\$4,950,000.00		\$4,950,000.00
			2,000,000.00		2,000,000.00
	50,000.00		6,950,000.00		6,950,000.00
\$1,448,392.71			274,607.29	\$274,607.29	
1,448,392.71	50,000.00		7,224,607.29	274,607.29	6,950,000.00
	12,675,000.00	June 30, 1946	12,325,000.00	4,585,625.00	7,739,375.00
26,888,061.95			38,478,473.36	38,478,473.36	
26,888,061.95	12,675,000.00		50,803,473.36	43,064,098.36	7,739,375.00
			3,000,000.00	541,172.99	2,458,827.01
16,067.58			283,932.42	283,932.42	
16,067.58			3,283,932.42	825,105.41	2,458,827.01
	75,578.89	Dec. 31, 1946	1,404,421.11	573,637.83	830,783.28
	120,000.00	June 30, 1946	4,880,000.00	10,000.00	4,870,000.00
	8,000,000.00				
	1,200,000.00	Dec. 31, 1946			
	1,000,000.00				
	10,395,578.89		6,284,421.11	583,637.83	5,700,783.28
75,000.00			30,000.00	30,000.00	
75,000.00	10,395,578.89		6,314,421.11	613,637.83	5,700,783.28
			5,500,000.00	2,030,000.00	3,470,000.00
	360,000.00	Dec. 31, 1946	4,640,000.00		4,640,000.00
	260,000.00		10,140,000.00	2,030,000.00	8,110,000.00
2,670,000.00			180,000.00	180,000.00	
2,670,000.00	360,000.00		10,320,000.00	2,210,000.00	8,110,000.00
	1,805,000.00	Dec. 31, 1946	895,000.00	180,000.00	715,000.00
	30,000,000.00	do	10,000,000.00	4,157,267.62	5,842,732.38
	8,000,000.00	do			
	29,715.84	June 30, 1946	585,303.05	465,018.89	120,284.16
	1,700,000.00	do	8,300,000.00		8,300,000.00
	15,000,000.00	Dec. 31, 1946			
	800,000.00				
	20,000,000.00				
	75,529,715.84		18,885,303.05	4,622,286.51	14,263,016.54
1,383,308.80			1,049,291.20	1,049,291.20	
1,383,308.80	75,529,715.84		19,934,594.25	5,671,577.71	14,263,016.54

Appendix D.—Statement of Loans and Commitments

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
<b>LATIN AMERICA—continued</b>				
<b>Nicaragua:</b>				
Republic of Nicaragua.....	227a	Equipment and services..	May 17, 1939	\$2,000,000.00
Do.....	291	Construction material, equipment and services.	Mar. 3, 1941	2,000,000.00
Total.....				4,000,000.00
Past operations.....				1,235,000.00
Total.....				5,235,000.00
Panama: Past operations, total.....				4,500,000.00
<b>Paraguay:</b>				
Republic of Paraguay.....	228a	Construction material, equipment and services.	June 1, 1939	3,400,000.00
Do.....	337	Materials, equipment and services.	May 18, 1942	3,000,000.00
Total.....				6,400,000.00
Past operations.....				1,400,000.00
Total.....				7,800,000.00
<b>Peru:</b>				
Banco Central de Reserva del Peru.....	329	United States agricultural and industrial products.	Apr. 22, 1942	25,000,000.00
Cia. Peruana del Santa (Westing- house Electric International Co.).	368	Electrical equipment.....	June 12, 1945	350,000.00
Total.....				25,350,000.00
Past operations.....				12,000,000.00
Total.....				37,350,000.00
Salvador: Republic of El Salvador, total.....	303	Construction materials, equipment and services.	Dec. 10, 1941	1,726,000.00
<b>Uruguay:</b>				
Republic of Uruguay.....	331	Materials, equipment and services.	Apr. 22, 1942	12,000,000.00
Talleres Graficos Sur, S. A. (R. Hoe & Co., Inc.)	333	Printing press.....	do.....	85,000.00
Republica Oriental del Uruguay.....	345	Materials, equipment and services.	Feb. 2, 1943	20,000,000.00
Total.....				32,085,000.00
Past operations.....				11,500,000.00
Total.....				43,585,000.00
<b>Venezuela:</b>				
Banco Agricola y Pecuario.....	286	United States agricultural and industrial products	Dec. 9, 1940	3,000,000.00
Banco Obrero.....	302	Construction material and equipment.	Oct. 27, 1941	6,000,000.00
Total.....				9,000,000.00
Past operations.....				32,951,000.00
Total.....				41,951,000.00
Various countries: Special bank ex- pert credit lines, <sup>4</sup> total.....	306		Jan. 12, 1942	50,000,000.00
<b>EUROPE</b>				
<b>Belgium:</b>				
Kingdom of Belgium.....	383	United States products and services.	Sept. 11, 1945	55,000,000.00
Do.....	384	do.....	do.....	45,000,000.00
Total.....				100,000,000.00
Czechoslovakia: Past operations, total.....				1,741,917.60

<sup>4</sup> Special credit lines established in favor of banking institutions in countries of the Western Hemisphere to facilitate opening of letters of credit to finance exports from the United States.

of Export-Import Bank as of December 31, 1945—Continued

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding
	Amount	Expiration date			
			\$2,000,000.00	\$1,039,000.00	\$961,000.00
			2,000,000.00		2,000,000.00
			4,000,000.00	1,039,000.00	2,961,000.00
\$585,000.00			650,000.00	650,000.00	
585,000.00			4,650,000.00	1,689,000.00	2,961,000.00
2,012,296.12			2,487,703.88	2,487,703.88	
400,000.00			3,000,000.00	582,650.00	2,417,350.00
	\$425,000.00	Dec. 31, 1946	2,575,000.00		2,575,000.00
400,000.00	425,000.00		5,575,000.00	582,650.00	4,992,350.00
1,200,000.00			200,000.00	200,000.00	
1,600,000.00	425,000.00		5,775,000.00	782,650.00	4,992,350.00
	25,000,000.00	Dec. 31, 1946			
	350,000.00				
	25,350,000.00				
12,000,000.00					
12,000,000.00	25,350,000.00				
	250,000.00	June 30, 1946	1,476,000.00	44,639.46	1,431,360.54
	6,223,820.87	Dec. 31, 1946	5,776,179.13		5,776,179.13
6,125.00			78,875.00	11,098.41	67,776.59
	17,705,000.00	Dec. 31, 1946	2,295,000.00		2,295,000.00
6,125.00	23,928,820.87		8,150,054.13	11,098.41	8,138,955.72
11,500,000.00					
11,506,125.00	23,928,820.87		8,150,054.13	11,098.41	8,138,955.72
500,000.00			2,500,000.00	1,666,666.60	833,333.50
4,001,500.00			1,998,500.00	185,000.00	1,813,500.00
4,801,500.00			4,498,500.00	1,851,666.60	2,646,833.50
32,305,421.65			645,578.35	645,578.35	
36,806,921.65			5,144,078.35	2,497,244.85	2,646,833.50
	46,375,573.17	June 30, 1946	3,624,428.83	3,605,893.92	18,532.91
	55,000,000.00				
	45,000,000.00				
	100,000,000.00				
947,473.97			794,443.63	794,443.63	



Appendix D.—Statement of Loans and Commitments

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
<b>EUROPE—continued</b>				
<b>Denmark:</b>				
Kingdom of Denmark.....	370	United States agricultural and industrial products.	July 13, 1945	\$20,000,000.00
Past operations.....				10,000,000.00
Total.....				30,000,000.00
<b>Finland:</b>				
Finnish-American Trading Corp.	250	United States agricultural and industrial products.	Dec. 13, 1939	10,000,000.00
Do.....	251	do	Mar. 1, 1940	25,000,000.00
Total.....				35,000,000.00
<b>France: Republic of France, total</b> ...	382	United States products and services.	Sept. 11, 1945	550,000,000.00
<b>Germany: Past operations, total</b> .....				3,011,309.75
<b>Hungary: Past operations, total</b> .....				2,375,000.00
<b>Iceland: Past operations, total</b> .....				1,000,000.00
<b>Italy: Past operations, total</b> .....				16,917,385.58
<b>Latvia: Past operations, total</b> .....				1,903,000.00
<b>Netherlands:</b>				
Kingdom of the Netherlands.....	380	United States agricultural and manufactured products.	Sept. 11, 1945	50,000,000.00
Do.....	381	United States products and services.	do	50,000,000.00
Total.....				100,000,000.00
<b>Norway:</b>				
Store Norske Spitsbergen, Kulkompani, A/S Norway.	354	Mining equipment and machinery.	Oct. 25, 1944	750,000.00
Kingdom of Norway.....	369	United States agricultural and industrial products.	July 13, 1945	50,000,000.00
Total.....				50,750,000.00
Past operations.....				10,000,000.00
Total.....				60,750,000.00
<b>Poland:</b>				
Polish Cotton Mills.....	141	Cotton.....	Oct. 21, 1936	166,742.52
National Economic Bank.....	212	Cotton and copper.....	Nov. 3, 1938	6,000,000.00
Total.....				6,166,742.52
Past operations.....				6,740,000.00
Total.....				12,906,742.52
<b>Portugal: Past operations, total</b> .....				5,500,000.00
<b>Rumania: Past operations, total</b> .....				50,000.00
<b>Spain: Past operations, total</b> .....				15,072,871.78
<b>Sweden: Past operations, total</b> .....				15,000,000.00
<b>Yugoslavia: Past operations, total</b> .....				517,667.00
Various countries: Cotton export credit, total.	387	Cotton.....	Oct. 8, 1945	100,000,000.00
<b>ASIA</b>				
<b>China:</b>				
Universal Trading Corp.....	254	United States agricultural and industrial products.	Mar. 7, 1940	20,000,000.00
Central Bank of China.....	283	do	Nov. 30, 1940	50,000,000.00
Yungli Chemical Industries, Ltd.	360	Machinery, equipment and services.	Mar. 21, 1945	16,000,000.00
Total.....				86,000,000.00
Past operations.....				68,943,329.99
Total.....				154,943,329.99
<b>British India: Past operations, total</b> .....				16,000,000.00
<b>Iran: Past operations, total</b> .....				1,130,000.00
<b>Iraq: Past operations, total</b> .....				100,000.00
<b>Philippine Islands: Past operations, total</b> .....				25,600,000.00

of Export-Import Bank as of December 31, 1945—Continued

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding
	Amount	Expiration date			
	\$12,400,000.00	Dec. 31, 1948	\$7,600,000.00		\$7,600,000.00
\$10,000,000.00					
10,000,000.00	\$12,400,000.00		7,600,000.00		\$7,600,000.00
	231,715.40	Dec. 31, 1946	9,768,284.60	\$2,341,424.61	23,869,905.32
	8,556,954.67	do	16,443,045.33		
	8,788,670.07		26,211,329.93		
	550,000,000.00				
3,006,750.75			4,559.00	4,559.00	
2,375,000.00					
410,000.00			590,000.00	590,000.00	
3,541,120.90			13,376,264.68	13,376,264.68	
1,892,217.97			16,782.03	10,782.03	
	34,400,000.00	June 30, 1946	15,600,000.00		15,600,000.00
	43,800,000.00	Dec. 31, 1948	6,200,000.00		6,200,000.00
	78,200,000.00		21,800,000.00		21,800,000.00
	750,000.00	Dec. 31, 1946			
	50,000,000.00				
	50,750,000.00				
9,773,388.00			226,612.00	226,612.00	
9,773,388.00	50,750,000.00		226,612.00	226,612.00	
			166,742.52	163,250.56	3,491.96
2,655,508.67			3,344,491.33	47,043.11	3,297,448.22
2,655,508.67			3,511,233.85	210,293.67	3,300,940.18
6,703,822.27			36,177.73	36,177.73	
9,359,330.94			3,547,411.58	246,471.40	3,300,940.18
4,229,134.35			1,270,865.65	1,270,865.65	
50,000.00					
1,391,797.89			13,681,073.89	13,681,073.89	
10,889,000.00			4,111,000.00	4,111,000.00	
517,667.00	100,000,000.00				
	2,500,000.00	June 30, 1946	17,500,000.00	5,300,000.00	12,200,000.00
	9,204,706.78	do	40,795,293.22	13,647,743.04	27,147,550.18
	16,000,000.00	Dec. 31, 1946			
	27,704,706.78		58,295,293.22	18,947,743.04	39,347,550.18
4,526,800.00			64,416,529.99	64,416,529.99	
4,526,800.00	27,704,706.78		122,711,823.21	83,364,273.03	39,347,550.18
\$16,000,000.00					
667,670.61			462,429.39	462,429.39	
100,000.00					
25,600,000.00					

Appendix D.—Statement of Loans and Commitments

Country and borrower	Loan No.	Commodity	Authorized	
			Date	Amount
<b>ASIA—continued</b>				
Saudi Arabia, total.....	363	United States materials, equipment and services.	Apr. 12, 1945	\$5,000,000.00
Turkey:				
Turkish State Airways (Westinghouse Electric International Co.).	378	Airport equipment.....	Sept. 11, 1945	3,060,000.00
Past operations.....				10,267,860.00
Total.....				13,327,860.00
<b>OTHER COUNTRIES</b>				
Australia: Past operations, total.....				1,400,000.00
Canada: Past operations, total.....				59,265,000.00
Ethiopia: The Ethiopian Empire, total.	353	United States products and services.	Aug. 7, 1944	500,000.00
Jamaica: Past operations, total.....				25,000.00
Portuguese West Africa: Chas. B. McDaniel, Jr., total.	319	Materials and equipment.....	Mar. 6, 1942	300,000.00
Puerto Rico: Puerto Rico Fiber Corp., total.	317	Machinery and equipment.....	do.....	450,000.00
Virgin Islands: Virgin Islands Co. R. <sup>3</sup> total.	348	Agricultural products.....	Aug. 10, 1943	250,000.00
Various countries:				
T.A.C.A. Airways Agency, Inc.....	361	Aircraft, engines, and accessories.	Mar. 21, 1945	1,000,000.00
Pan American Airways, Inc., et al.	365	United States materials, equipment and services.	May 16, 1945	25,000,000.00
International Standard Electric Corporation.	377	Communications equipment.	Sept. 11, 1945	5,000,000.00
Total.....				31,000,000.00
Past operations.....				46,478,400.00
Total.....				77,478,400.00
Special Exporter-Importer Credits R. <sup>4</sup>	187		Mar. 1, 1938	
Anglo-American Trading Corp.		Poultry, game, and lard.....		176,836.17
The Atlas International Co.		Merchandise.....		69,412.19
L. A. Cordovez C.....		Flour and manufacturing products.		97,574.13
Defiance Spark Plug Corp.		Merchandise.....		66,113.96
Enequist Chemical Co.		Chemicals.....		297,517.99
Home Plan Corp.		Merchandise.....		23,840.05
H. R. Jacoby.....		do.....		13,843.19
Walter Malowan, Inc.		Manufactured products.....		326,493.57
Sigfried Olsen Shipping Co.		Merchandise.....		231,455.59
Packard Chemical Co.		Packaged foods.....		156,218.89
S. C. Prado.....		Merchandise.....		97,491.00
S. Ronnie, Inc.		Paper supplies.....		109,626.69
Universal Products Co., Inc.		Rubber, rayon silk garments.		381,942.00
Wise & Constable, Inc.		Merchandise.....		250,597.04
Unallotted.....				802,500.00
Total.....				3,101,372.46
Past operations.....				93,001.62
Total.....				3,194,374.08
Grand total.....				2,308,444,068.48

<sup>3</sup> R.—denotes revolving credit.

<sup>4</sup> The firms listed have been granted credit lines ranging from \$2,000 revolving, covering miscellaneous shipments to and from various countries. Funds are provided and details handled by commercial banks. Advances under these credits are repayable in 90 days or less. Total available for such lines, \$1,000,000 revolving.

of Export-Import Bank as of December 31, 1945—Continued

Cancellations and expirations	Balance not yet disbursed		Amount disbursed	Amount repaid	Amount outstanding
	Amount	Expiration date			
	\$5,000,000.00				
	3,060,000.00	Dec. 31, 1946			
\$10,267,860.00					
10,267,860.00	3,060,000.00				
1,400,000.00 21,850,000.00			\$37,415,000.00 500,000.00	\$37,415,000.00 400,000.00	\$100,000.00
25,000.00	235,000.00	Jan. 21, 1947	85,000.00		65,000.00
			450,000.00	40,000.00	410,000.00
	250,000.00	Dec. 31, 1946			
	677,034.51	do	322,965.49	5,920.00	317,045.49
	25,000,000.00				
	5,000,000.00				
	30,677,034.51		322,965.49	5,920.00	317,045.49
27,102,518.11			19,375,881.89	19,375,881.89	
27,102,518.11	30,677,034.51		19,698,847.38	19,381,801.89	317,045.49
	20,000.00	June 30, 1946	156,836.17	156,836.17	
	2,661.15	do	66,751.04	59,412.19	7,338.85
	12,500.00	do	85,074.13	85,074.13	
	10,000.00	do	56,113.96	56,113.96	
	14,174.38	do	283,343.61	277,517.99	5,825.62
	8,818.95	do	23,840.05	22,632.01	1,218.04
	11,133.90	do	5,024.24	3,843.19	1,181.05
	12,190.61	do	315,269.67	306,403.57	8,866.10
	10,000.00	do	219,264.98	211,455.59	7,809.39
	10,000.00	do	146,218.89	146,218.89	
	10,000.00	do	87,491.00	87,491.00	
	11,105.77	do	98,520.92	94,626.69	3,894.23
	8,669.00	do	373,273.00	361,942.00	11,331.00
	15,337.16	do	235,259.88	230,597.04	4,662.84
	802,500.00				
	949,090.92		2,152,281.54	2,100,154.42	52,127.12
			93,001.62		
	949,090.92		2,245,283.16	2,193,156.04	52,127.12
438,517,628.75	1,307,545,935.83		562,380,503.90	310,274,430.27	252,106,073.63

GENERAL SUMMARY OF ACTIVITIES (INCLUDING SECOND EXPORT-IMPORT BANK OF WASHINGTON, D. C.)<sup>1</sup> FROM FEB. 12, 1934, THROUGH DEC. 31, 1945

Total commitments	\$2,308,444,068.48
Total cancellations and expirations	438,517,628.75
Total disbursements	562,380,503.90
Total repayments	310,274,430.27
Total outstanding loans	252,106,073.63
Balance of commitments not yet disbursed	1,307,545,935.83
Total of outstanding loans and balance of commitments not yet disbursed	1,559,652,009.46

<sup>1</sup> Second Export-Import Bank of Washington, D. C., was incorporated Mar. 12, 1934, and dissolved June 30, 1936, all of its active commitments being assumed by Export-Import Bank of Washington.

Appendix E.—Total Loan Authorizations, Undisbursed Commitments, and Outstanding Loans of Export-Import Bank, by Countries, as of June 30, 1945, and December 31, 1945

[IN THOUSANDS OF DOLLARS]

Country	Total loan authorizations <sup>1</sup>		Undisbursed commitments <sup>2</sup>		Outstanding loans	
	June 30, 1945	Dec. 31, 1945	June 30, 1945	Dec. 31, 1945	June 30, 1945	Dec. 31, 1945
<b>LATIN AMERICA</b>						
Argentina.....	\$93,480	\$93,480		\$15,500		
Bolivia.....	17,678	17,678	\$15,500	\$15,500		
Brazil.....	199,025	237,025	28,402	62,793	\$56,478	\$59,524
Chile.....	42,406	78,606	13,250	46,739	13,641	13,778
Colombia.....	46,726	46,726	23,449	17,356	10,391	15,815
Costa Rica.....	8,723	8,723	100	60	6,903	6,950
Cuba.....	90,367	90,367	17,800	12,675	2,718	7,739
Dominican Republic.....	3,300	3,300			2,637	2,459
Ecuador.....	15,735	16,735	10,304	10,396	4,879	5,701
Haiti.....	13,350	13,350	460	360	8,513	8,110
Honduras.....	2,700	2,700	1,805	1,805	760	715
Mexico.....	66,698	96,848	49,313	75,530	11,035	14,263
Nicaragua.....	5,235	5,235			3,119	2,961
Panama.....	4,500	4,500				
Paraguay.....	7,800	7,800	795	425	4,868	4,992
Peru.....	37,000	37,350	25,000	25,350		
Salvador.....	1,726	1,726	826	920	870	1,431
Uruguay.....	43,585	43,585	24,993	23,259	7,077	8,139
Venezuela.....	41,951	41,951			3,080	2,647
Various countries.....	50,000	50,000	46,475	46,376	59	19
<b>Total Latin America.....</b>	<b>792,035</b>	<b>897,735</b>	<b>258,472</b>	<b>339,534</b>	<b>137,025</b>	<b>155,243</b>
<b>EUROPE</b>						
Belgium.....		100,000		100,000		
Czechoslovakia.....	1,742	1,742				
Denmark.....	10,000	30,000		12,400		7,600
Finland.....	35,000	35,000	8,789	8,789	23,870	23,870
France.....		550,000		550,000		
Germany.....	3,011	3,011				
Hungary.....	2,375	2,375				
Iceland.....	1,000	1,000				
Italy.....	16,917	16,917				
Latvia.....	1,903	1,903				
Netherlands.....		100,000		78,200		21,860
Norway.....	10,750	60,750	10,523	50,750		
Poland.....	12,907	12,907			3,301	3,301
Portugal.....	5,500	5,500				
Rumania.....	50	50				
Spain.....	15,073	15,073				
Sweden.....	15,000	15,000				
Yugoslavia.....	518	518				
Various countries (cotton credit).....		100,000		100,000		
<b>Total Europe.....</b>	<b>131,746</b>	<b>1,051,746</b>	<b>19,312</b>	<b>900,139</b>	<b>27,171</b>	<b>56,571</b>
<b>ASIA</b>						
China.....	154,943	154,943	31,915	27,705	49,101	39,348
British India.....	16,000	16,000				
Iran.....	1,130	1,130				
Iraq.....	100	100				
Philippine Islands.....	25,600	25,600				
Saudi Arabia.....	450	5,000		5,000		
Turkey.....	10,268	13,328		3,060		
<b>Total Asia.....</b>	<b>208,041</b>	<b>216,101</b>	<b>31,915</b>	<b>35,765</b>	<b>49,101</b>	<b>39,348</b>
<b>OTHER COUNTRIES</b>						
Australia.....	1,400	1,400				
Canada.....	59,265	59,265				
Ethiopia.....	500	500			250	100
Jamaica.....	25	25				
Portuguese West Africa.....	300	300	235	235	65	65
Puerto Rico.....	450	450			440	410
Virgin Islands.....	250	250	250	250		
<b>Total other.....</b>	<b>62,190</b>	<b>62,190</b>	<b>485</b>	<b>485</b>	<b>755</b>	<b>575</b>
Various countries.....	74,696	80,673	26,148	31,626	53	369
<b>Grand total.....</b>	<b>1,268,708</b>	<b>2,308,445</b>	<b>336,332</b>	<b>1,307,549</b>	<b>214,105</b>	<b>252,106</b>

<sup>1</sup> Total loan authorizations represent gross authorizations since the establishment of the bank before deductions for cancellations, expirations, and disbursements.

<sup>2</sup> Undisbursed commitments represent the difference between gross authorizations and the sum of cancellations, expirations, and disbursements, i. e., the amount which may still be drawn upon by borrowers under given conditions.

**Appendix F.—Statement of Principal and Interest Due, by Calendar Years, on Export-Import Bank Loans Outstanding as of December 31, 1945<sup>1</sup>**

[IN THOUSANDS OF DOLLARS]

Calendar year	Principal	Interest	Total	Calendar year	Principal	Interest	Total
1946	\$23,183	\$8,214	\$31,397	1963	\$4,692	\$882	5,574
1947	24,450	7,425	31,875	1964	1,392	603	1,995
1948	29,279	6,313	35,592	1965	1,392	559	1,951
1949	16,010	5,369	20,379	1966	1,139	678	1,817
1950	19,726	4,736	24,462	1967	520	653	1,173
1951	11,026	4,131	15,157	1968	10,520	382	10,902
1952	9,696	3,691	13,387	1969	4,482	129	4,611
1953	8,766	3,262	12,027	1970	520	66	586
1954	8,337	2,901	11,238	1971	520	64	574
1955	7,352	2,581	9,933	1972	520	45	565
1956	6,984	2,350	9,334	1973	520	39	559
1957	6,594	2,080	8,674	1974	520	29	549
1958	5,820	1,826	7,646	1975	520	13	533
1959	5,717	1,608	7,325	1976	260	3	263
1960	5,296	1,400	6,696				
1961	4,688	1,316	6,004				
1962	4,821	1,140	5,961	<b>Total</b>	<b>224,161</b>	<b>64,466</b>	<b>288,627</b>

<sup>1</sup> Exclusive of loans amounting to approximately \$27,000,000 which are subject to refunding, loans amounting to approximately \$213,000 which are in arrears with respect to payments of principal or interest, and loans amounting to approximately \$564,000 falling due during the last few days of 1945 after the books of the bank had been closed for the year.

**Appendix G.—Statement of Condition of Export-Import Bank as of December 31, 1945**

ASSETS	
Cash	\$1,276,197.03
Cash deposit with Reconstruction Finance Corporation available on demand	55,156,260.27
Loans:	
Direct from Export-Import Bank funds	\$142,384,034.15
From deposits by participants in loans without recourse on Export-Import Bank (contra)	6,981,223.77
From advances by private banks under agency agreements with Export-Import Bank (contra)	102,889,739.66
<b>Total loans</b>	<b>252,254,997.58</b>
Accrued interest	1,890,641.55
Other assets	155,039.89
<b>Total assets</b>	<b>\$10,733,136.32</b>
LIABILITIES	
Accounts payable	23,768.19
Collateral held for account of borrowers	580,826.18
Loan advances by private banks under agency agreements with Export-Import Bank (contra)	102,889,739.66
Deposits by participants in loans without recourse on Export-Import Bank	6,981,223.77
Unallocated receipts from participants	18,776.23
Capital stock:	
Authorized	\$1,000,000,000.00
Less: To be issued to United States Treasury	825,000,000.00
<b>Issued and outstanding</b>	<b>175,000,000.00</b>
Undivided profits held as reserve against future contingencies	25,238,902.29
<b>Total liabilities</b>	<b>310,733,136.32</b>

NOTE.—The undischarged commitments (i. e., unutilized lines of credit established under loan agreements) of the Export-Import Bank at the end of 1945 were \$1,307,545,935.83.

**Appendix H.—Statement of Income and Expenses of Export-Import Bank During  
6 Months Ended December 31, 1945**

<i>Income</i>	
Interest received on loans made direct from Export-Import Bank funds . . .	\$1,989,564.47
Export-Import Bank share of interest received on loans made by private banks under agency agreements with Export-Import Bank . . . . .	1,240,810.06
Interest on deposits, commissions, etc . . . . .	344,828.59
<b>Total income . . . . .</b>	<b>\$3,575,203.12</b>
<i>Operating expenses</i>	
Salaries and services . . . . .	\$160,051.41
Office rent . . . . .	10,748.40
Other administrative and office expense . . . . .	4,209.12
Depreciation on furniture and fixtures . . . . .	634.08
<b>Total operating expenses . . . . .</b>	<b>\$ 175,643.01</b>
<b>Net gain transferred to undivided profits held as a reserve against future contingencies . . . . .</b>	<b>3,399,560.11</b>

<sup>1</sup> This figure, which represents interest actually received during the period, differs from the "Collection of Interest," shown in Appendix I, which includes interest accrued prior to July 1, 1945, amounting to \$575,488.

<sup>2</sup> This figure, which represents expenses actually paid during the period, differs from "Administrative Expenses," shown in Appendix I, which includes also obligations incurred during the period.

NOTE.—The net gain shown in the statement does not reflect the cost of the public funds used by the Export-Import Bank. The average rate of interest on the United States public debt is slightly under 2 percent per annum. The bank paid this rate during the period between July 1, 1945, and September 30, 1945, in the form of a dividend on its preferred stock held by the Reconstruction Finance Corporation. The amount so paid was \$370,000, or 2 percent on \$174,000,000 for ninety days. If a similar allowance were made for the funds used by the bank during the last three months of the year in the form of capital stock subscribed by the Treasury, the total approximate cost of public funds used during the last half of 1945 would be \$1,745,000. If this cost of public funds had been reflected in the statement, there would have been shown a net gain of \$1,654,560.11 remaining to be held as a reserve against future contingencies. This amount represents an annual return of nearly 1.5 percent on the average volume of loans outstanding during the period.

**Appendix I.—Statement of Source and Utilization of Export-Import Bank Funds During  
6 Months Ended December 31, 1945**

Classification	June 30, 1945 to Dec. 31, 1945
<i>Receipts:</i>	
Repayment of principal on loans . . . . .	<sup>1</sup> \$20,664,124
Collection of interest . . . . .	<sup>2</sup> 4,150,691
<b>Total receipts . . . . .</b>	<b>24,814,815</b>
<i>Disbursements:</i>	
Administrative expenses . . . . .	<sup>3</sup> 189,936
Loans . . . . .	<sup>4</sup> 58,650,557
Other disbursements . . . . .	2,610,000
Interest on notes issued . . . . .	
<b>Total disbursements . . . . .</b>	<b>61,450,493</b>
<b>Net disbursements . . . . .</b>	<b>36,635,678</b>
<i>Means of financing:</i>	
Available funds as of June 30, 1945 . . . . .	411,028
Reduction in Reconstruction Finance Corporation deposits . . . . .	13,792,010
Disbursements by agent banks (net) . . . . .	23,708,837
<b>Total funds available . . . . .</b>	<b>37,911,875</b>
<b>Net expenditures (above) . . . . .</b>	<b>36,635,678</b>
<b>Available funds on Dec. 31, 1945 <sup>5</sup> . . . . .</b>	<b>1,276,197</b>

<sup>1</sup> This figure, which includes commissions received by the bank, differs slightly from the grand total of *Repayments of Principal on Export-Import Bank Loans, by Countries, During 6 Months Ended December 31, 1945*, shown in table 4, which excludes such commissions.

<sup>2</sup> This figure, which includes interest accrued prior to July 1, 1945, amounting to \$575,488, differs from "Total income" (interest received), shown in Appendix H, which excludes such accrued interest.

<sup>3</sup> This figure, which includes obligations incurred but not paid during the period, differs from "Total Operating Expenses," shown in Appendix H, which represents expenses actually paid during the period.

<sup>4</sup> This figure, which includes commissions charged by the bank, differs slightly from the grand total of *Loan Disbursements by Export-Import Bank, by Countries, During 6 Months Ended December 31, 1945*, shown in table 3, which excludes such commissions.

<sup>5</sup> Exclusive of deposits with the Reconstruction Finance Corporation of \$55,156,260.27

*Appendix J.—Loans Disbursed by Commercial Banks Under Agency Agreements With  
Export-Import Bank as of December 31, 1945*

[IN THOUSANDS OF DOLLARS]

Bank	Outstanding Balance
Bank of the Manhattan Co., New York.....	\$3, 199
Bankers Trust Co., New York.....	8, 211
Bank of America National Trust & Savings Association, San Francisco.....	606
Central Hanover Bank and Trust Co., New York.....	423
Bank of New York.....	600
The Chase National Bank of the City of New York.....	11, 498
Chemical Bank & Trust Co., New York.....	12, 660
California Bank, Los Angeles.....	299
Continental Illinois National Bank & Trust Co., of Chicago.....	3, 642
Central National Bank of Cleveland.....	2, 876
Corn Exchange National Bank and Trust Co., Philadelphia.....	1, 042
Colonial Trust Co., New York.....	200
The Commercial National Bank & Trust Co., of New York.....	817
The First National Bank of Boston.....	6, 275
First National Bank of Chicago.....	2, 915
First National Bank of Mobile.....	1, 000
First National Bank at Pittsburgh.....	845
Farmers & Merchants National Bank of Los Angeles.....	149
Grace National Bank of New York.....	11
Guaranty Trust Co. of New York.....	6, 379
The Hibernia National Bank in New Orleans.....	200
Irving Trust Co., New York.....	4, 991
Industrial Trust Co., Providence.....	300
Manufacturers Trust Co., New York.....	4, 068
Mercantile-Commerce Bank and Trust Co., St. Louis.....	500
The National City Bank of New York.....	16, 523
National Bank of Detroit.....	3, 405
The National City Bank of Cleveland.....	2, 550
The National Shawmut Bank of Boston.....	200
J. P. Morgan & Co., New York.....	700
Brown Brothers Harriman & Co., New York.....	200
The Philadelphia National Bank.....	1, 863
The Pacific National Bank of Seattle.....	200
Pan American Trust Co., New York.....	500
Seattle-First National Bank.....	699
Security First National Bank of Los Angeles.....	597
State-Planters Bank & Trust Co., Richmond.....	499
Wells Fargo Bank & Union Trust Co., San Francisco.....	599
Whitney National Bank of New Orleans.....	748
Total.....	102, 889