

6 or 3
ask Nolley?

When legislation comes before Congress later this year to extend the Export-Import Bank authorization for three months to conform to the new fiscal year, it is likely that a whole series of foreign policy related, ~~issues~~ ^{issues, some} will be discussed and amendments may be attached to the legislation.

I am a supporter of the Export-Import Bank and I have first-hand knowledge of the need for this type of export-financing mechanism. The Eximbank has assisted industry in ~~the~~ ^{the 5th} District of Massachusetts ^{which I represent} as it has helped thousands of other large and small businesses throughout the country. But the questions I ~~have~~ ^{will} raised ^{Today} and that I am sure my colleagues will raise when the extension and reauthorizing legislation comes before the House must be answered as we determine the direction the Eximbank will take in the future.

During Oversight Hearings last spring by the Subcommittee on International Trade, Investment and Monetary Policy, many Congressional concerns were spotlighted. Among these ~~was~~ ^{was} the soundness of the Bank which was questioned by the G.A.O. I am certain Congress will want to know if the Bank has acted on G.A.O.'s recommendations to increase interest rates where little or no competition exists and to correlate borrowing and lending periods, and what effect the changes ~~at these times~~ have had. In another area, an attempt may be made in the House to take the Eximbank out of the Budget. When the Eximbank was put in the Budget in the 1974 legislation, the House opposed this but went along with the Senate bill. The Budget Committees of the House and Senate want this item in the Budget--the major opponent was former Chairman Rees of the International Trade Subcommittee--I do not know if his objections will be carried on by other members of the Subcommittee. Quite frankly, these first two questions do not seem to elicit widespread concern outside the Banking Committee.

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It is the foreign policy areas that will receive most discussion, both in Committee and on the House floor. I hear time and time again, that these questions do not properly belong in discussions of extending the Eximbank authorization. Last week a State Department official told members of the Subcommittee that political considerations of foreign assistance should not be applied to the Eximbank. But our oversight hearings last year brought out the use that has been made of the Bank as a foreign policy tool--in Chile and Spain. Congress will want to know whether loans are being made to countries ^{or businesses} which participate in the Israel boycott, or to ~~those~~ ^{countries} which condone terrorism. Amendments will probably be ~~made~~ ^{offered} to stop loans to countries which do not respect human rights.

A related issue ~~is~~ ~~where loans are being made~~ will be the effect of the Jackson-Vanik Amendment ~~restricting trade with~~ cutting trade with countries which do not permit free emigration of their citizens. Although there may be attempts to rescind this amendment, I favor its retention for I feel it has had ^{an} ~~more than a slight~~ effect in loosening Soviet emigration policies.

There may be an effort to limit Eximbank assistance to members of the oil cartel, and inquiry will be made of the Eximbank officials about their scrutiny of bribe attempts by companies seeking contracts.

One of the questions which most concerns me is the large number of nuclear projects supported by the Eximbank. Since the 1974 amendments, Congress has oversight ^{and can reject} on projects in excess of \$60 million, but I think there should be a better policing mechanism of nuclear projects. Particularly bothersome to me is lack of ^a legal requirement that the Arms Control and Disarmament Agency have input in these decisions. The recommendations from the Oversight Hearings were that Exim supply Congress with better information about its discussions on nuclear transactions ~~and other projects in excess of \$60 million~~. This should include the loan memorandum used by Exim's Board of Directors to approve the projects and verbatim minutes of meetings in which the loan was discussed. Also, although a Backstopping Committee exists to coordinate policy and comments from Executive Branch agencies on the export of nuclear technology, there has been no ^{legal} requirement that the transactions be referred to it. With the critical importance of nuclear non-proliferation, I feel it is imperative that referral to the Backstopping Committee be made a legal requirement. Since Congress is the only body, other than the Nuclear Regulatory Commission, which has the power to stop ^{questionable} nuclear transactions by the Eximbank, we must be given the information to do the job successfully.

Bank advocates may ask whether Congress should set policy regarding the type of products supported by the bank. In the past loans were made by the Bank for wide-bodied aircraft where little ^{or no} competition existed from foreign countries. Congressional oversight helped bring about a better policy in this area--~~and~~ our input was important. On the nuclear issue, there is absolutely no question in my mind that public and Congressional review is crucial. No one

can convince me that the establishment of nuclear power plants is not viewed by most countries which seek them as the first step to nuclear weaponry capability.

I personally would welcome a decision by the Carter Administration against exporting nuclear energy.

It is quite possible that a major overhaul of Eximbank authority will accompany renewal of the Bank when this legislation comes before Congress next year. The conflicting mandates under which the Eximbank operates are confusing to all who deal with the Bank. The current trend to meet Congress' directive that the bank be self-sustaining, ^{has meant} ~~thereby~~ raising interest rates and attempting to reach a "Gentlemen's Agreement" with the other industrialized nations on loan terms, ^{and} has turned off many in the business community. Obviously, business would rather see the Bank pursue ~~its~~ more vigorously its mandate to meet foreign competition. ~~In January of this year~~ - The Bank made a unilateral declaration effective in January of this year that it will no longer provide money at lower than cost except for agreements already in place. If further agreements are reached with the industrialized nations, ^{there will be} ~~a~~ skepticism ~~will study~~ as to whether the United States will be the only country to honor the agreement.

When Congress takes up the issue of the soundness of the Bank, attention will be paid to the countries where loans ^{and guarantees} are made. According to Bank officials they do not make commitments in the 4th Tier nations, and little goes to the ^{top} industrialized sector. The Eximbank is currently undertaking a management review of its transactions in the 3rd Tier and monitoring these closely. I am certain that Congress will want to look at this study and possibly make recommendations before reauthorizing the bank or raising its loan ceiling.

Finally, although I do not have problems with justifying the existence of the Export-Import Bank, I imagine that the basic issues of its justification will be raised before a long-term reauthorization is made. The main issue here is

whether taxpayer should support private investment--the so-called "backdoor subsidy" of \$1 billion given the bank many years ago. There are those who will want to know if the money could better be used in social programs or if it could have a bigger employment impact in the non-export sector. A legitimate question can be asked as to how much job creation in the export sector is directly related to Eximbank activities.