

# EXIMBANK IN THE WORLD MARKETPLACE

*Export-import bank of the United States - Annual report.*



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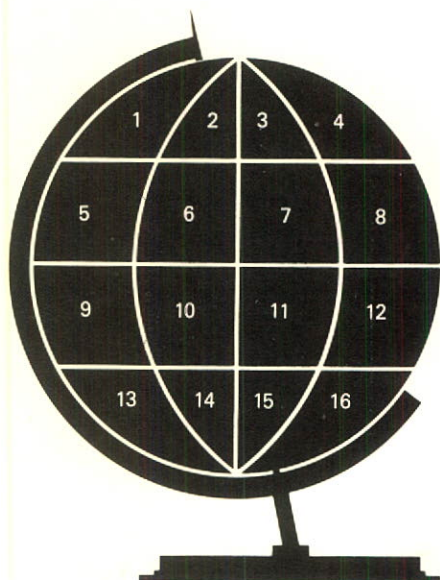
## ABOUT THE COVER

Eximbank's support in the financing of "big ticket" export sales of major products and projects is very visible in the press coverage of the Bank's activities.

Not so widely recognized, but actually the largest part of Exim's daily business is the support through its Guarantees and Insurance programs of tens of thousands of transactions in the small- and medium-size category.

Some of the products that move out of the U.S. into 147 countries with Eximbank participation are shown on the cover and throughout the pages of this report.

Appreciation is noted here to the many U.S. businesses that have provided these pictures and those of the 50 employees representing exporting companies that make up the "people map" on the center spread. Eximbank's participation in the export sales effected by these manufacturers and suppliers during FY 74 accounted for over a million full-time jobs in the U.S.A. for that period.

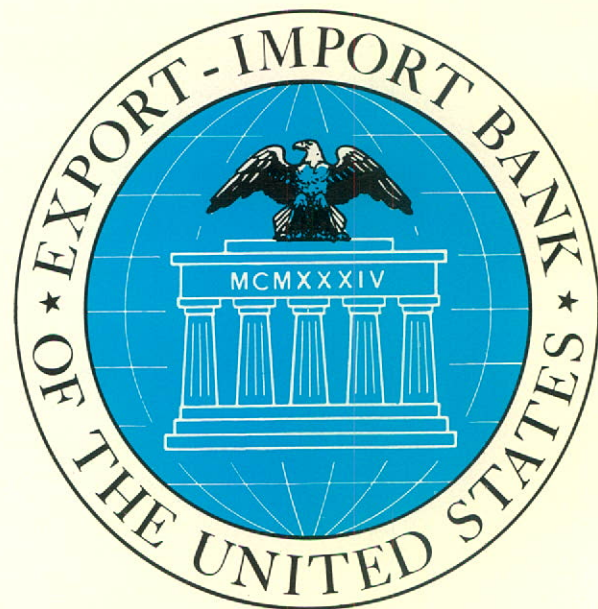


## KEY TO THE COVER

- |   |   |
|---|---|
| 1. Food & Beverage Vending Machines<br>VENDO Company<br>Kansas City, Missouri | 9. Horizontal Milling Machine<br>Cincinnati Milacron Inc.<br>Cincinnati, Ohio                                   |
| 2. Fishing Vessel<br>Bender Welding & Machine Co., Inc.<br>Mobile, Alabama    | 10. Proctor Three Pass Synthetic Bonded<br>Batt Dryer<br>Proctor & Schwartz<br>Philadelphia, Pennsylvania       |
| 3. Textile Machinery<br>Saco-Lowell<br>Greenville, South Carolina             | 11. Cessna Agwagon<br>Cessna Aircraft Company<br>Wichita, Kansas  |
| 4. Jet Spray Fountain Machines<br>Jet Spray, Inc.<br>Waltham, Massachusetts   | 12. Forage Harvester<br>Hesston Corporation<br>Hesston, Kansas  |
| 5. Hook Roller Brackets<br>American Hoist & Derrick<br>St. Paul, Minnesota    | 13. 1100 Series Soil Conditioner<br>Allis-Chalmers Corporation<br>Milwaukee, Wisconsin                          |
| 6. Golden Star Dus-Trol<br>Mop Rental System<br>North Kansas City, Missouri   | 14. Textile Machinery<br>Warner & Swasey Company<br>Textile Machinery Division<br>Bessemer City, North Carolina |
| 7. Baby Chicks<br>National Broiler Council<br>Washington, D.C.                | 15. Hard Resin Windows made with<br>CR-39 Monomer<br>PPG Industries<br>Pittsburgh, Pennsylvania                 |
| 8. Hydro-Soil-Extractor for Carpets<br>Spray-Brite<br>LaMirada, California    | 16. Honeywell Computer<br>Honeywell Information Systems, Inc.<br>Waltham, Massachusetts                         |

# **Annual Report 1974**

**EXPORT-IMPORT BANK OF THE UNITED STATES**



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*The Honorable William J. Casey  
President and Chairman  
Export-Import Bank of the United States*



# The Chairman's Statement

Worldwide inflation, worldwide shortages in fuel, food, fibers and minerals and a huge, sudden shift of wealth to a few oil producing nations, have combined to take world trade and the international economy into rough, uncharted waters. It is appropriate to fashion this report around the theme of "change," the new challenges we face, and the new policies we need to maintain the flow of trade and the liquidity which are so important in keeping the world economic system working.

Over recent years the Eximbank has undergone rapid expansion in its operations. Since 1969 it has more than doubled the number of authorizations; it has more than quadrupled the value of export sales supported; and it has increased the variety of services offered to American exporters. This expansion was necessary to enable our exporters to maintain their position in rapidly growing world trade. It was necessary, too, for our own economic growth, and it was particularly necessary to help balance rising imports which in 1971 and 1972 brought about our first trade deficits in this century.

Today, the Eximbank must continue to expand assistance to the U.S. export sector, but it must do so under changed conditions. I would like to discuss those conditions and describe how we are moving to meet them. I would like, too, to look ahead—to trends as we perceive them—and to explain how these can affect the Bank and its mission. We must constantly read the future, and anticipate what it means for us, because the impact of our operations and authorizations today is felt for years to come as the exports we have financed flow and develop future markets and as the larger projects come on stream.

## New Constraints and New Policies

World exports expanded 36% in 1973. Expansion continued through the first half of 1974, and may reach an annual level 30% above that of the preceding year. U.S. exports outpaced the growth in world exports and advanced 44% in 1973 and another 45% in the first half of 1974. At the beginning of the fiscal year on July 1, 1973, the U.S. was just beginning to recover from trade deficits (over \$6 billion in 1972), which had resulted in successive devaluations of the dollar. This cheaper

dollar made U.S. products more competitive in world markets and contributed to the upsurge in U.S. exports. At the same time it contributed substantially to inflation at home as it became necessary to pay more dollars for the imports needed to keep the U.S. economy going and as other currencies became able to compete more advantageously with U.S. consumer dollars for domestic supplies.

In FY 1974 the Bank facilitated \$12.8 billion in U.S. export sales, and for the first time fully utilized the Congressional limit set on its authority to make loans. This meant that for the first time good projects that were otherwise bankable—some \$700 million worth—had to be carried over into the new fiscal year, and, if re-approved, would reduce the funds available for financing new transactions in FY 1975. If the Bank continually had to postpone an increasing number of eligible projects from year to year the results would be obvious and unfortunate.

During the fiscal year just ended the Bank also was faced with the rapidly increasing cost of borrowed money which placed a further constraint on its activities. To adapt to the changing cost of money and to make our funds do as much as possible in stimulating exports and enlisting private financing, Eximbank has adopted a broad range of new guidelines:

1. We changed the interest rate on credits from 6% to a band ranging from 7% to 8.5%.
2. We moved the interest rate on Cooperative Financing Facility lines from 7% to 8%.
3. We increased the financial guarantee fee from  $\frac{1}{2}$  % and now fix a fee within a range of  $\frac{3}{4}$  % to 1  $\frac{1}{2}$  %.
4. Instead of routinely authorizing loans equal to 45% of the contract price, we are reducing that participation on a case-by-case basis to as low as 30%.
5. Whenever feasible, we are requiring the commercial lender to participate with no guarantee or with only a portion of its loan guaranteed by Eximbank.
6. On an *ad hoc* basis, we are, where feasible, endeavoring to increase the normal 10% cash payment to 20% or even more.
7. We are scrutinizing the financial, economic and technical aspects of each transaction more closely to weed out unduly weak countries and buyers, particularly in markets where Eximbank's exposure is high.



8. We are examining each loan application more carefully to eliminate wherever practicable those cases in which Eximbank's financing is not really needed.

9. We are placing special emphasis on transactions and programs which show the greatest prospects for developing new exporters and helping small business become larger exporters.

10. We are giving careful consideration in each loan request to ascertain any possible adverse effects on the U.S. economy. We are eliciting more detailed facts on the possible displacement of U.S. exports, loss of employment in the United States, imports into the United States, and competition with U.S. exports in other markets, which may result from the export of U.S. equipment. We find out, too, whether the equipment being exported is in short supply domestically. We weigh these considerations very carefully in the light of the availability of comparable equipment from third countries and the value of the export to our trade and balance of payments position, both immediate and over the longer term.

We are determined to pursue these objectives and at the same time carry out our statutory mandate to provide loans and guarantees which offer a reasonable assurance of repayment, which are competitive with government-supported assistance available to foreign exports, and which support and encourage private capital participation in export financing. It must be recognized that there are risks in carrying out this mandate. We have to make close credit judgments. We have to enlist private participation in the kind of financing our big project, high technology exports require, and one means used to do this is for Eximbank to take the later maturities in long-term loans, allowing the private lenders to get out first. That these risks have been reasonably well managed should be clear from the Bank's record of: (a) having been able to meet its payroll, pay for the money it uses, and carry on its mission without spending any taxpayer money; (b) paying \$906 million in dividends to the Treasury (at a rate of \$50 million *per annum* in each of the last 12 years); and (c) building a reserve of \$1.6 billion.

From time to time Eximbank, like other banks, reschedules or makes other adjustments in loans when borrowers face financial difficulties. Often this is done in

parallel with other public or private sector financial institutions. The causes of such difficulties vary but can include temporary balance of payments problems, an over-valued currency, crop failures for leading exports, imprudent borrowings by a prior government, war and civil strife. Last year, along with other creditors, the Bank rescheduled its loans to Chile. This involved \$332 million of the Bank's assets. In this case, as in all reschedulings, the Bank's objective was to maximize prospects for eventual repayment. The \$56 million repayment already received from Chile under the rescheduling is encouraging. Since Eximbank began operations it has written off only \$3.7 million against \$22 billion in loan disbursements, or only 2¢ on each \$100 in loans disbursed. The Bank's record on insurance claims paid (net of subsequent recoveries) has been \$29.1 million, or 20¢ on every \$100 of shipments covered under these programs.

### Facing a New Trade Deficit

As the fiscal year ended, the United States was again moving into a deficit trade position due to higher prices of oil and other imported materials. By the start of the fourth quarter of 1974 it became clear that the additional \$20 billion we will have to pay out for imported oil will convert 1973's hard won trade surplus into a substantial deficit. This will happen even though we will be able to increase our agricultural, capital goods, chemical and crude materials exports by substantial amounts.

To avoid a rising trade deficit it will be essential for us to hold and expand the \$12 billion trade surplus we hope to achieve in machinery and transport equipment for calendar 1974. This will not be easy. Our capital goods manufacturers face strong competition. In almost all categories foreign competitors produce comparable equipment which satisfies product demand in their overseas markets, including the United States. For example, during the first seven months of 1974, U.S. finished goods manufacturers imported \$353 million in textile, sewing and leather processing machinery while U.S. manufacturers of this machinery sold only \$302 million worth in foreign markets.

U.S. exports of power generating machinery ex-



ceeded imports of this machinery by \$723 million during the first seven months of 1974. Exports of aircraft engines figured importantly in this result and emphasize the importance of a continued strong aerospace industry. U.S. exports of office machinery and computers exceeded imports of such equipment by \$955 million during the same period. This favorable result, however, was accounted for by the strong U.S. competitive position in the manufacture of computers.

Our projected \$12 billion surplus in machinery and transport equipment is burdened by a deficit in automobiles, and our account for transport equipment as a whole might well be in deficit if overseas sales of aircraft and parts were not increasing strongly (i.e., by 40% during the first seven months). We must rely heavily on these sales of aircraft plus the use of U.S. power generating apparatus, construction, excavating, mining production and agricultural equipment in large mining, power, transportation, manufacturing and agricultural projects to pay for the rising costs of the fuel and raw materials we need from abroad. It is precisely these sales and these projects which require the kind of long-term financing the Bank can provide.

Deteriorating trade accounts have emerged in Europe, Japan and among most of our best customers in the developing world. Moreover, as other nations see their reserves falling as a result of higher oil import costs, they are pushing their exports harder. In short, just as rising import prices have increased our export needs heavily, our exporters must look harder for overseas customers and then compete harder for their business.

All of this increases the reliance of the American trader on the services of Eximbank. With money flowing in enormous volume to the oil producing countries, the rest of the world must depend more on credit financing, and the attractiveness of the credit offered by various countries will be a much larger factor in sales competition.

Private banks have been traditionally reluctant to finance exports on terms of over five years. While longer commercial terms have become more available in recent years, it is still often difficult to find private banks which are willing and able to lend for the length of time required to finance large capital projects. Yet as we

become more of an importer of basic raw materials, we will have to increase our overseas sales of this kind of manufactured product. It's our specialty. U.S. exporters cannot make large project-type sales without offering financing on terms long enough to permit repayment out of the return from these projects. This is where participation financing by Eximbank and commercial banks is critical.

While the U.S. export pattern is heavily influenced by sales of high technology products, projects and services, there is room, and need, too, for small company participation, innovation and exports. Our export base badly needs to be broadened, to be reinforced with small business enthusiasm, variety and innovativeness. Although the United States is the world's largest exporter, only about five percent of our manufacturing firms sell abroad. This number has to be increased, and facilitating this increase is one of the major challenges facing Eximbank.

Traditionally the Bank has placed high priority on programs to assist small exporters and to involve a larger number of small and medium-sized firms and banks in the export business. Through its guarantee and insurance programs, which account for well over half of all transactions supported by the Bank, we provide assistance to hundreds of smaller exporters and banks which need supplementary assurances of repayment in order to extend private export credit on reasonable terms and conditions. Most guarantee and insurance policies are issued to support export sales in the \$5,000 to \$100,000 range—generally sales of small and medium-sized firms; and almost half of all short-term insurance policies are issued to exporters whose total annual export business is under \$100,000. Through an active program of seminars and training, Eximbank has helped to increase the number of companies and banks participating in export trade. For example, during the past three years, the number of banks participating in Eximbank's guarantee program has increased 50%, to a total of 233, and the number of exporters has risen by a similar percentage.

Other programs directed at the smaller or new exporter and banker include the Small Business Policy where eligibility for insurance is limited to businesses whose average annual exports over the preceding three



years have not exceeded \$200,000, and the Discount Loan Facility. The assurance of liquidity provided by the discount program encourages smaller banks to finance exports, thus making such financing more available to small producers. Since 1969 the number of banks using the program—often in support of transactions under \$100,000—has increased from 27 to more than 190.

The Cooperative Financing Facility also has been especially useful to the smaller exporter. Under this program Eximbank allocates lines of credit to cooperating institutions overseas for loans to buyers of U.S. goods and services. This provision for “on-the-spot” local financing is especially helpful to the smaller U.S. exporter who has only limited credit financing resources at his command. The Cooperative Financing Facility is becoming ever more active and now includes 350 foreign banks in 56 countries. Most transactions supported under this program are in the \$10,000 to \$200,000 range.

Working with the worldwide network of close to 600 banks which utilize its programs to support the export efforts of smaller firms will continue to remain high on Eximbank’s agenda.

### **A New Trading World Ahead**

While recent developments renew the urgency of exports and export financing, we also must recognize that the economic problems of the United States and of the world are multi-dimensional. Any policy must concern itself with shortages, illiquidity and inflation, as well as with the jobs and the value of the dollar, which depend on exports. For the Eximbank, this means that requests for export credit support must be considered both broadly and deeply. Domestic shortages of certain materials require a very delicate balancing of imperatives, so that export markets—developed over the years with great effort and cost—are not surrendered to avoid a temporary pinch in domestic supplies. A balance also must be struck between the short-term advantages of an export sale to our balance of payments and domestic employment, and the possible longer-term disadvantage that an increase in foreign output of a competitive product might bring. Still another complicating factor has been the rise of the multinational

corporation whose commercial decisions reflect a truly international, rather than national point of view. These varying circumstances call for new perspectives as well as difficult judgments.

Before turning to the future, it is well to look at certain major developments already visible which will condition events in the years ahead. In the past three years, the value of world trade has doubled; in the last six, it has tripled. And this was before price rises really began to take hold. Looking ahead, the continued growth of trade seems a certainty.

A very large slice of trade is now synonymous with world development. The trader is being involved in undertakings that combine raw materials, capital, technology, management skills, transportation facilities and markets without regard to national boundaries or political relations. The projects themselves are enormous but there is plenty of room for small and medium-sized traders as sub-suppliers.

Those who sell their goods or services abroad are caught up in an economic onslaught that is remolding the very face of the earth: tearing down mountains for their ore; bringing water to deserts and draining swamps for farming; clearing jungles for roads, transmission lines, production facilities and modern communities; penetrating ocean floors and icecaps for oil and gas; creating lakes from rivers for hydroelectric power and irrigation purposes.

There are two reasons for this geographical upheaval. First, the increasing efficiencies of the technological age are dictating bigger scale ventures that go farther afield—that are more thoroughly coordinated and longer-range than those of the past. Second, all-out resource development is under way to overcome the worsening world shortages of critical materials.

One consequence is that trade has become the great equalizer. It turns latent human and natural resources into production to provide the world’s expanding industries with new supplies of raw materials, on the one hand, while turning these new supply sources, some of them areas of traditional poverty, into lucrative new consumer markets on the other, thus building up the base of the world economy.

This assures an increasing consumer demand for food, energy and raw materials—resources which are



concentrated, rather than spread evenly throughout the world. The effort to increase these supplies encourages a new international division of labor, reflected in the increasing movement of capital and technology to where resources and labor are located, rather than vice versa.

Another related happening is the emergence of a number of rapidly developing countries, which for various reasons are assuming increasing importance in world affairs. In addition to the group of more rapidly moving LDCs—countries such as Brazil, Korea, Mexico, and others—there are the oil producing countries, rich in foreign currency earnings. The re-entry into world trade circles of the People's Republic of China and the growing importance of trade with other communist countries also constitute significant changes.

Finally, the world scene today is characterized more by economic relations between nations than in the past: by a new interdependence arising from multinational approaches to resource development projects.

What do these developments mean for U.S. exporters and the Eximbank? To me, they mean many things.

First, they mean that American manufacturers must size up the new order emerging in world trade to better recognize and capitalize on new opportunities. If we look at recent trade figures, certain trends emerge. For one, world exports and U.S. exports alike will probably continue to grow faster than GNP. Leaving aside price assumptions, which can range widely and thus distort the results, U.S. exports will more than double during the 1970's. A second anticipated trend is continued above-average growth for such product categories as machinery, especially computers, motor vehicles and parts, and aircraft. A third, but perhaps even longer-range trend, is increasing exports of services—engineering and other technical types in which we currently excel, and also banking, insurance and brokerage services where our domestic competence is highly advanced. To make the most of export opportunities for these services, Americans must turn still more to entrepreneurship. We must rely on our skill in putting together large complex projects applying U.S. technology and equipment to the development of natural resources and to meeting power and transportation needs of other countries, and we must maintain our

flexibility and adaptability in mobilizing capital from sources around the world and in matching maturities to the ability of a project to service debt.

Finally, it seems likely that while the bulk of our exports will continue to flow to other industrialized countries, our fastest growing foreign market opportunities will lie in those developing countries rich in resources or otherwise on the verge of self-sustaining growth, and in the non-market countries.

Our high technology products and services will continue to be best sellers. Agricultural commodities, of course, remain important exports too, but their susceptibility to rapid price shifts, the whims of nature and to domestic forces makes them a less certain and effective source of the increased foreign exchange we must earn. Maintaining our leadership in technology calls for continued inventiveness, which in turn means heavy reliance on research and development.

A second requirement for our exporters will be increased flexibility. Selling in traditional overseas markets is one thing, but selling in emerging markets can be entirely different. The developing countries frequently apply new rules to the conduct of trade and investment; and dealing with state agencies and trading companies in the non-market countries will test the adaptability of American business.

A third development is a heavy increase in competition for American exporters. We see this today in a number of fields American producers have traditionally dominated: farm machinery, where German, Japanese, Russian, Canadian and Italian manufacturers are very active in markets around the world, including our own; thermal power generating equipment, where our near monopoly in the international market has dropped to a small minority; steel mill equipment, where Japanese and Continental European competition is very keen; textile machinery, where high quality Swiss, French, Italian and German makes are increasingly popular; electronic equipment, where the Japanese are very strong; and oil and gas drilling, exploring and refining, where U.S. predominance is seriously challenged by German, British and Scandinavian competitors. Even in the new technologically sophisticated fields of wide-bodied jet aircraft and nuclear reactors, foreign competition is making rapid advances. The European Airbus, already



flying commercially, is challenging the U.S. jumbo jet, and Canadian, Soviet and German firms are competing vigorously for nuclear reactor contracts, with the French, Japanese, British, and Swedes expected to enter the race soon.

For Eximbank, too, these changes present challenges. First, the Bank's programs must continually anticipate developments and adapt themselves in advance so that support is concentrated in and encourages exports of those products and services which have the greatest potential. In addition, Eximbank must increasingly use its resources in a catalytic manner, mobilizing ever larger amounts of private capital to finance the high cost products and projects most in demand from this country.

Looking over the rapid growth in Bank loans that began in 1973 and continued in 1974, five basic causes stand out:

1. The re-equipping of world airline fleets with jumbo jets, and the steady expansion of conventional aircraft sales;
2. The opening up of trade with the USSR, Romania and Poland;
3. The cyclical upswing in the world's resource needs;
4. The world's ever-growing need for power; and
5. Emergence of new energy-related projects.

There are strong indications all of these will continue, but at even higher cost levels, so that more financing will be needed just to carry out the same projects.

Looked at in greater detail the numbers emerge as follows. By September 1974 the Bank had already extended direct credits to finance over \$2 billion of export sales, and had on hand pending and outstanding preliminary commitments and credit applications for sales totaling \$5.6 billion. Substantial amounts of the applications were for conventional power projects, aircraft and oil drilling equipment, while smaller sums covered communications and construction equipment, nuclear power projects, petroleum refining and fertilizer plants.

Conservative estimates of additional business raise the total export sales value of transactions now in the Bank for financing, or known to be on their way, to roughly \$15 billion. Under present guidelines our par-

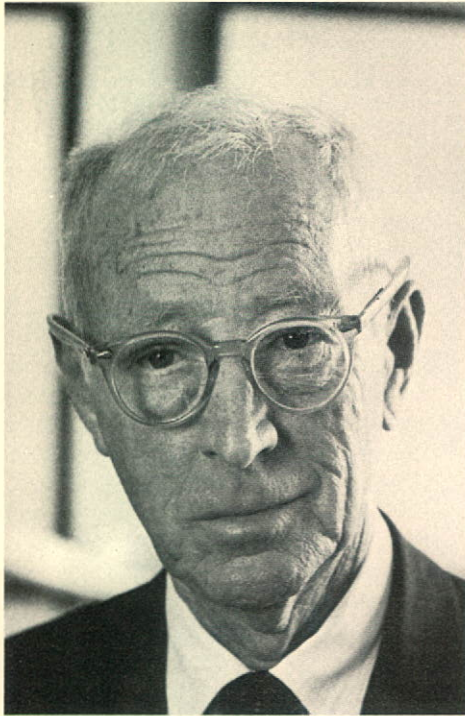
ticipation in this business would be about \$5 billion of direct credits. These transactions involve projects in every major continent and include U.S. exports ranging from \$500 million for development of a vast iron ore deposit to \$500,000 for machinery. Between these extremes are equipment for the development of LNG, bauxite, nickel, copper, timber, sugar and rice; equipment to build subway systems, airports and railroads; and equipment to produce steel, cement, chemicals, textiles and printed matter. Since many of these transactions are in the formative stages, months will pass before they are translated into contracts and the contracts into exports. But these will be the trade flows of the future for which we must be prepared. A number of these, too, are super projects, which, as a rule, become feasible only with participation of government-supported credits.

Closely related to this will be our effort to continue negotiations with other industrialized countries toward agreements harmonizing official export support. Future world needs for liquidity will be too great for us to use scarce funds to compete in financing costs. If competition can be more closely confined to price and quality, the financing which governments can make available can then be concentrated on doing what it takes to apply advanced technology and equipment to overcome shortages and moderate prices around the world.

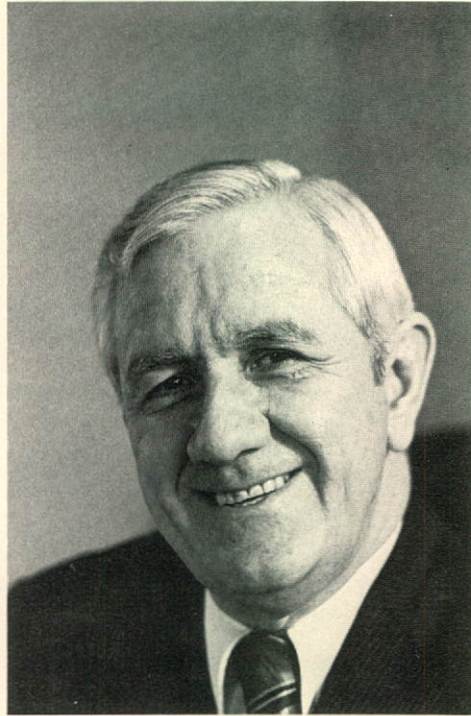
As we turn to the year ahead these are the programs, the plans and even the dreams uppermost in the minds of the Eximbank Board and Staff. They clearly will reflect change, but through that change we can find new strength.

In conclusion, I want to commend the Staff of Eximbank, which as far as I have been able to determine, handles more financing per person than any other financial institution in the world. This small staff of about 400 dedicated public servants, functioning within an excellent charter provided by the Congress of the United States, and with the full cooperation of the private banking system, has enabled Eximbank to effectively serve American and world interests in trade and development in a variety of ways. I am confident that we can look forward in the years ahead to even greater opportunities for service to our country.





**The Honorable Walter C. Sauer**  
**First Vice President and Vice Chairman**  
**Export-Import Bank of the United States**



**The Honorable R. Alex McCullough**  
**Director**  
**Export-Import Bank of the United States**



**The Honorable John C. Clark**  
**Director**  
**Export-Import Bank of the United States**



**The Honorable Mitchell P. Kobelinski**  
**Director**  
**Export-Import Bank of the United States**



## THE YEAR IN REVIEW

On February 12, 1974, Eximbank observed its 40th year of operation. Its purpose, as expressed in its original charter and as expressed in its present charter, the Export-Import Bank Act of 1945, as amended, is to aid in financing and to facilitate the overseas trade of the United States. It is the only U.S. government agency dedicated solely to this task.

The Board of Directors of Eximbank announced on February 4, 1974, that the interest rate on loans was being increased from six percent to seven percent per annum. This action in raising the rate followed a recommendation to that effect by the National Advisory Council on International Monetary and Financial Policies. (See the Chairman's statement for further revision of interest rate following close of FY 74.)

During fiscal year 1974, the President submitted to the Congress new legislation which was in accord with the Administration's overall export promotion program. The two main features of this legislation were:

- To increase Eximbank's overall commitment authority and increase the aggregate amount of guarantees and insurance which may be charged on a fractional basis against the overall authority.
- To extend the life of the Bank from June 30, 1974 to June 30, 1978.
- Congress had not taken final action on this legislation as of the close of fiscal year 1974. However, the Bank's life has been extended through November 30, 1974, to permit enactment of this legislation.
- Results of the legislation will be available upon request to the Bank after the final action by Congress.

The fiscal year which ended June 30, 1974, was one of continued growth in Eximbank's financial assistance to United States exporters and marked new and potential undertakings that could be supplied from United States sources. While introducing significant improvements in the programs offered to small- and medium-size suppliers, Eximbank continued to build a broad, sturdy base for supporting U.S. export involvement in gigantic new projects that are taking shape in many parts of the world. Among these are mining ventures, steel mills, power systems, transportation systems, and other huge undertakings.

More than \$4.3 billion of the export sales supported by Eximbank during the fiscal year ended June 30, 1974, were under programs which have special appeal to small business. These are the insurance, the medium-term guarantee and the Cooperative Financing Facility (CFF) programs. The average size of export sales supported by these programs during the fiscal year was less than \$791 thousand. Eximbank's average authorization in support of these sales was less than \$565 thousand. It is apparent from these figures that small businesses, both as U.S. suppliers and as overseas buyers, are making extensive use of these services.

Further, Eximbank has on file some 5,700 U.S. suppliers who have used one or more of the Bank's programs to support one or more export sales; clearly, this includes many, many smaller businesses.

Exporter insurance, provided jointly by the Foreign Credit Insurance Association (FCIA) and Eximbank, has the widest appeal among these programs, accounting for \$2.6 billion in Eximbank authorizations in fiscal year 1974. A typical insured export transaction has a value ranging anywhere from \$5,525.00 to \$202.6 million.

Medium-term guarantees authorized during the fiscal year were \$324 million and CFF authorizations were \$208 million.



Cold Storage Door  
Clark Door Company  
Cranford, N.J.



780 Construction King  
J. I. Case Company  
Racine, Wisc.



Fabric Steamer-Dryer  
Proctor, Schwartz, Inc.  
Philadelphia, Pa.



3500 Industrial Tractor  
International Harvester  
Chicago, Ill.



The total value of export sales supported by Eximbank's fiscal year 1974 authorizations rose to \$12.8 billion, an increase of 21 percent over the \$10.5 billion supported in fiscal year 1973, and more than four times the \$2.9 billion supported in fiscal year 1969.

Since its inception in 1934, Eximbank authorizations have supported more than \$76 billion of U.S. exports, 60 percent of them since July 1, 1969. Thus, in the five-year period of fiscal years 1970-74, Eximbank supported more than \$45 billion of export sales, 50 percent more than in the previous 3½ decades of Export-Import Bank's existence.

During the year, repayments and interest on loans made by Eximbank and on export credits guaranteed or insured by it contributed an estimated \$4.6 billion to the credit side of the United States balance of payments as compared with \$3.8 billion in fiscal year 1973 and \$2.0 billion in fiscal year 1969.

Total new authorizations of loans, guarantees, and insurance during the year reached \$9.1 billion, a 6.9 percent increase over fiscal year 1973 activity of \$8.5 billion, 26 percent over the \$7.2 billion of fiscal year 1972, and 262 percent over the \$2.5 billion of fiscal year 1969. Guarantee authorizations decreased 19.8 percent from fiscal year 1973 and insurance authorizations totaled \$2.6 billion compared to \$2.5 billion in fiscal year 1973, an increase of 5.2 percent.

Gross income of Eximbank during the fiscal year was \$450.1 million, a 19.7 percent increase over the comparable figure of \$375.9 million in 1973. Total deductions from income were \$339.8 million, a 43.9 percent increase over the previous year, and were comprised of interest and other financial expenses of \$325.3 million, operating and administrative expenses of \$8.9 million, and net claims of \$5.6 million.

Thus, net income was \$110.3 million, a 21 percent decrease from the fiscal year 1973 figure of \$139.7 million.

This net income permitted the declaration on June 26, 1974, of a \$50 million dividend to the Treasury, thus bringing to \$906 million the dividends paid to the Treasury by Eximbank since inception. The balance of \$60.3 million was added to the retained income reserve, which on June 30, 1974, totaled \$1.6 billion, a four percent increase over the previous end-of-year amount.

## NEW AUTHORIZATIONS

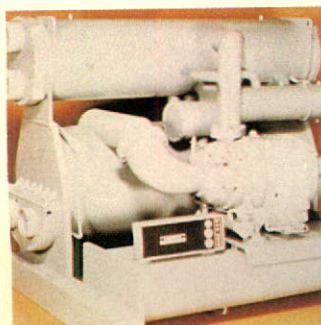
Eximbank's gross authorizations for fiscal year 1974 in support of overseas purchases of U.S. goods and services increased 6.9 percent, to a total of \$9.1 billion, over the fiscal year 1973 figure of \$8.5 billion. This was more than 3½ times the \$2.5 billion figure of fiscal year 1969 during which Eximbank was directed to make itself more useful to America's overseas customers in order to help relieve the U.S. balance of payments problems.

This significant gain reflects five years of innovation, simplification, expansion and constant, week-by-week improvement of every facility at Eximbank's disposal. A large part of this success also stems from Eximbank's continuing attitude of helpfulness toward all parties concerned with the purchases from the U.S.—buyers, sellers, bankers, governments, industries, and others—all of whose cooperation is vital to the growth of trade.

On page 21 is a six year summary of the gross authorizations approved by Eximbank.

During fiscal year 1974, Eximbank authorized direct loan financing for buyers in six countries to facilitate the sale of U.S. nuclear power equipment, fuel and services having a total export value of \$774.1 million. This represented a 134 percent increase over the U.S. export value of authorizations in the nuclear power field for fiscal year 1973 of \$330.4 million.

At the close of fiscal year 1974, Eximbank also had Preliminary Commitments outstanding for nuclear-



Centrifugal Refrigerator Compressor  
Carrier Corporation  
Syracuse, N.Y.



Elevating Scraper  
Caterpillar Tractor Company  
Peoria, Ill.



Winding Machine  
Saco-Lowell Corporation  
Greenville, S.C.



Household Cleaning Brushes  
Empire Brush Company  
Port Chester, N.Y.



related projects in several countries with a potential U.S. export value of \$384.4 million. Eximbank anticipates continued growth in the export sale of nuclear power plants plus first core fuel as the world struggles to meet its energy needs.

Similarly, aviation financing continues to be an important segment of Eximbank's activity. During fiscal year 1974, Eximbank authorized \$894.6 million in direct loans and \$135 million in guarantees to support the export of 161 new and 28 used jet aircraft. The contract value of the new aircraft totaled \$2.0 billion and of the used aircraft totaled \$172.9 million. Eximbank also financed related equipment and facilities such as airports, ground equipment, aircraft simulators and airline computers.

In fiscal year 1974, despite unprecedented demand, Eximbank financing of oil rigs and related equipment was curtailed until such time that priorities for the export of such equipment could be evaluated by Administration officials in light of the current energy crisis. During the fiscal year complete rigs or platforms were financed for export to 23 different countries, primarily for offshore drillings, representing some \$335.6 million in exports. Oil rigs and related equipment financed in fiscal year 1973 amounted to some \$317.3 million.

Eximbank support of the agricultural sector continues. During fiscal year 1974, Eximbank authorized credits, guarantees, and insurance policies in support of \$453.4 million (\$992.1 million in fiscal year 1973) of agricultural product exports, including cotton, tobacco, grains, breeding stock, baby chicks, hides, tallow, and dried fruit.

## PRELIMINARY COMMITMENTS

Eximbank's Preliminary Commitment procedure, through which suppliers, buyers, and banks are afforded an opportunity to learn in advance of the type and extent of Eximbank's willingness to support major export sales, continued to be employed actively during fiscal year 1974. Due, however, to anticipated reductions in the Bank's lending authority as well as un-

certainities about the Bank's future financing patterns, the volume of Preliminary Commitments approved was lower than the preceding year.

During the year the Board of Directors approved 514 Preliminary Commitments involving potential exports of \$8.7 billion. About 20 percent of these Preliminary Commitments were issued to financial institutions acting on behalf of potential U.S. suppliers. The volume of Preliminary Commitments which was converted to direct credits reached a new high during fiscal year 1974. 255 Preliminary Commitments supporting \$5.6 billion in exports were subsequently converted to direct credit and financial guarantee authorizations. As a further illustration of the value of the Preliminary Commitment, it is noted that some 69 percent of the credits approved by the Bank's Board of Directors were preceded by a Preliminary Commitment.

At the end of the fiscal year, 120 Preliminary Commitments involving potential exports of \$845 million were outstanding, and an additional 100 requests involving slightly over \$3.7 billion in potential exports were under review by the Eximbank staff.

## DIRECT LOANS AND FINANCIAL GUARANTEES

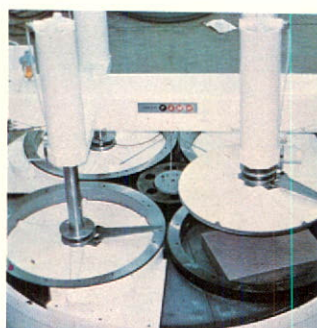
During fiscal year 1974, the Bank authorized a record \$3.8 billion in the form of 353 direct loans to borrowers in 75 countries. Coupled with these loans were an additional \$1.0 billion in financial guarantees made to private financial organizations which participated with the Bank in financing major export transactions. The direct loans and financial guarantees supported approximately \$8 billion in U.S. exports. It should be noted that an additional 66 loan applications which would involve direct loans of over \$700 million and financial guarantees of over \$300 million were pending at the end of the fiscal year and could not be acted upon due to the unavailability of direct loan authority in the Bank's budget. The major projects financed through the direct loan program in fiscal year 1974 included nuclear power plants in Taiwan, Yugoslavia, and Mexico; an oil and gas field development and related pipeline to Norway from the North Sea; a fertilizer complex in the U.S.S.R.;



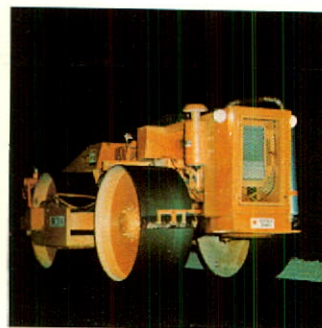
Hay Baler  
Heston Corp.  
Heston, Kansas



Coffee Vendor  
Seeburg Sales Corp.  
Chicago, Ill.



Free-Abrasive Machining Equipment  
Speedfam Corporation  
Des Plaines, Ill.



Buffalo-Bomag/BW 210-A  
Asphalt Compactor  
Koehring Co.  
Springfield, Ohio



hydroelectric projects in Zaire and the Ivory Coast; a copper mine expansion in Peru; and a steel mill expansion in Argentina.

The typical financing pattern for the transactions financed during 1974 involved a cash payment of 10 percent of the U.S. contract price, an Eximbank loan for 45 percent of the contract price, and a private loan or loans, sometimes guaranteed by Eximbank, for the remaining 45 percent. Toward the end of the fiscal year, anticipated reductions in lending authority for future fiscal years, together with an increased demand for export financing had forced the Bank to vary the degree of participation in each project depending upon the nature of market competition and the ability of the borrower to obtain private financing without Eximbank participation.

## PRIVATE EXPORT FUNDING CORPORATION (PEFCO)

The basic purpose of PEFCO is to mobilize additional private capital to supplement Eximbank and commercial bank financing of U.S. exports. It offers medium- and long-term fixed rate loans, guaranteed by Eximbank, to assist the sale of U.S. goods and services to foreign purchasers, when such financing is required.

PEFCO common stock is owned by 55 U.S. commercial banks, seven industrial corporations and one investment banking concern. The shareowner banks, all active in international financial transactions, are located in 29 cities throughout the United States. Ownership and transferability of PEFCO's shares are restricted to "Qualified Investors." PEFCO's bylaws define a "Qualified Investor" as a financial institution, or a company engaged in producing or exporting United States products or services. A majority of PEFCO's shares must be owned or controlled by United States citizens.

PEFCO provides medium- and long-term credits necessary in the sale of U.S. products and services to foreign importers. Under PEFCO's policies and agreements with Eximbank, the repayment of the foreign obligations are fully guaranteed as to both prin-

cipal and interest by Eximbank. PEFCO normally extends its credits jointly with the shareowner bank or banks, Eximbank and occasionally others. Ordinarily, PEFCO responds to referrals from its shareowner banks, rather than acting as an originator or packager of export financing.

PEFCO will finance its portfolio of foreign importer loans through the sale of its own marketable securities, principally secured notes of intermediate-term maturity, to investors in the United States and abroad. In addition to its equity capital, PEFCO is currently raising interim funds through the sale of unsecured short-term promissory notes to general market buyers of high quality short-term money market instruments. These notes are of special interest to Domestic International Sales Corporations because they represent "qualified assets" in the hands of a DISC. Eximbank has extended PEFCO a \$50 million revolving line of short-term credit. PEFCO also has established extensive lines of credit with commercial banks.

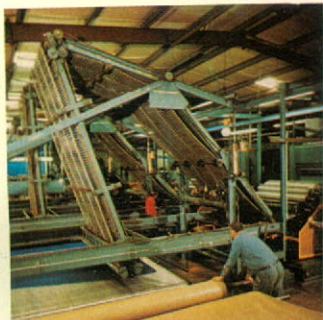
PEFCO's Third Annual Report covering calendar year 1973 and other informational material may be obtained by writing to PEFCO's offices, 40 Wall Street, New York, New York 10005.

## EXPORTER CREDIT PROGRAMS

Eximbank's Exporter Credit Programs accounted for over one-half of the number of all transactions authorized during fiscal year 1974, and about one-third of the dollar value of exports supported. Under the Exporter Credit Programs, Eximbank's assistance is limited to guarantees and insurance issued to private U.S. exporters and commercial banks to assure them of repayment on credits they authorized to facilitate the export of U.S. goods and services. These export credits are short- to medium-term in length (with a maximum repayment term of five years) and are funded privately by U.S. banks and exporters, at market rates of interest, with no direct financing from Eximbank. They are heavily used by small and medium-sized exporters, with



Eyeglasses with hard resin lenses  
PPG Industries, Inc.  
Pittsburgh, Pa.



Proctor Fabric Forming and  
Needle Punch Line  
Proctor & Schwartz, Inc.  
Philadelphia, Pa.



International 560  
International Harvester  
Chicago, Ill.



Model 84BR Rando-Web Process  
Rando Machine Corporation  
Macedon, N.Y.



the average guarantee or insurance policy being well under \$100,000.

Eximbank's guarantees and insurance are offered through private intermediaries, with risk-sharing being spread between Eximbank, the private banks, the Foreign Credit Insurance Association (FCIA), and the exporter himself. The guarantees and insurance are offered at reasonable premiums to the exporting community, and these premiums are calculated to be sufficient to cover claim payments on those export credits which go into default. The guarantees and insurance policies thereby spread the risk of exporting among many interested parties and prevent defaults on export credits from having a disastrous effect on individual exporters or banks. These programs are comparable to those offered by foreign countries to their exporters and protect U.S. businessmen from much of the political and commercial risk connected with export transactions.

There are two major Exporter Credit Programs, the Commercial Bank Exporter Guarantees, and Export Credit Insurance which is operated in cooperation with and administered by the Foreign Credit Insurance Association (FCIA).

**Commercial Bank Exporter Guarantees:** The past year has been one of improved service and expanded operations in the Commercial Bank Exporter Guarantees Program. Major improvements in the Program, reducing paperwork and simplifying risk-sharing arrangements, were announced in January 1973 and were implemented with efficiency in FY 1974. These improvements have led to an increased number of U.S. commercial banks utilizing the program with greater frequency than has previously been the case. During this fiscal year, 17 commercial banks used the program for the first time, bringing the total number of U.S. commercial banks which have made use of Commercial Bank Exporter Guarantees to 233.

During FY 1974, a total of 1,111 transactions were authorized under the Commercial Bank Exporter Guarantees Program. This represents an increase of 14.4 percent over FY 1973, and is the largest number of transactions authorized during any fiscal year since the inception of the program. This increase in numbers of

cases was accompanied by a decrease in authorization value of 10 percent, to \$323.9 million. The number of cases processed rose faster than total authorization value since individual transactions handled under the program were smaller, reflecting greater utilization of Commercial Bank Exporter Guarantees by small and medium-sized exporters and banks.

Of the total transactions authorized in FY 1974, the vast majority were committed by commercial banks under authority granted them by Eximbank. This commitment authority allows the commercial bank and Eximbank to provide prompter service to the exporter.

**Foreign Export Credit Insurance (FCIA/Eximbank):** During FY 1974, the Foreign Credit Insurance Association (FCIA), a group of approximately 50 of the leading marine, casualty, and property insurance companies, marked its twelfth year of offering credit insurance to U.S. exporters in cooperation with Eximbank.

During this past year, FCIA made significant gains in its Short-Term insurance program, where authorizations rose 14.7 percent to a total of \$1.6 billion. This figure represents the highest amounts insured during any fiscal year since the Short-Term insurance program was initiated. Gains were also achieved under both the Master (1.3%) and Combination (65.6%) policy programs.

Emphasis was placed in FCIA in FY 1974 on faster and better service to the export community. Automation of buyer files was completed and now detailed information on any one of 70,000 foreign buyers is available to FCIA underwriters from their computer at the touch of a button.

The eight full-service regional offices as well as the Washington, D.C. Liaison and Service Office upgraded their communications and underwriting capabilities during the year to meet the increasing need for faster responses to exporters' applications. This increase in mechanization resulted in a reduction in processing time for applications for export credit insurance.

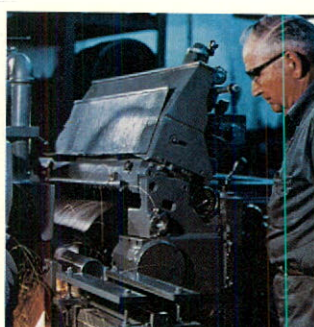
FCIA programs continued to be used extensively in FY 1974 by small and medium-sized exporters, with the



Jet Spray Cooler  
Jet Spray Int.  
Waltham, Mass.



Refrigerated Truck Body  
Johnson Truck Bodies  
Rice Lake, Wisc.



Twin Grit Centerless Grinder  
Cincinnati Milacron, Inc.  
Cincinnati, Ohio



Cigarette Machine  
Seeburg Corp.  
Chicago, Ill.



Association devoting a great amount of time to assisting the small company in its export efforts. One area of special interest to the small businessman is FCIA/Eximbank's program of prequalification of foreign buyers. With more than 30,000 foreign buyers now prequalified, the small as well as the large exporter may be able to obtain a telephone approval for insurance covering its export sale.

During FY 1974, FCIA announced a new form of insurance coverage designed to assist exporters of U.S. services. The "Service Export Program" will be useful to a wide variety of U.S. engineering, consulting, and other service-related firms.

Through the Exporter Credit Programs, Eximbank effectively reaches, and helps, the entire export community. By relying on private parties to finance these exports, by spreading the risks of repayment among these parties, and by limiting Eximbank assistance to covering those risks which others are unwilling or unable to assume, Eximbank truly fulfills its mandate to "supplement and complement" private sources of export financing.

## DISCOUNT LOAN FACILITY

The Discount Loan Facility was originally introduced in 1966 and substantially restructured in July 1969, and revised again in December 1971. Its purpose is to stimulate export financing by U.S. commercial banks via providing a source of funds during periods of non-liquidity.

During the past year, interest rates reached unprecedented heights in the U.S. Notwithstanding, a record number of 136 U.S. banks utilized the advance commitment procedure under the Facility but in a decreased dollar amount as banks endeavored to obtain financial proposals for their clients at the most competitive interest rate possible.

The additional U.S. banks now utilizing the Facility are the moderate- to medium-sized regional banks which recognize that international business is good business and is advantageous for their growth. These U.S. banks recognize that by utilizing Eximbank's medium-term

guarantee or FCIA insurance coverage in conjunction with the Discount Loan Facility, a client's export obligation may be acquired with maximum coverage and assurance of liquidity, respectively, for the life of the obligations.

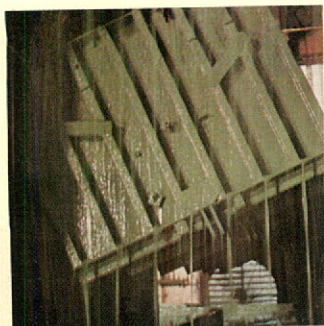
Following is a summary of annual authorizations and the number of banks participating under the Facility from FY-1971 through FY-1974.

| DISCOUNT LOAN PROGRAM                                    |         |         |           |         |
|--|---------|---------|-----------|---------|
|  | FY 1971 | FY 1972 | FY 1973   | FY 1974 |
| Number of Banks Participating at End of Year             | 104     | 127     | 169       | 193     |
| (In Millions)  |         |         |           |         |
| Amount authorized during the Year                        | \$522.4 | \$988.6 | \$1,639.6 | \$923.5 |
| Number of advance commitments authorized during the Year | 543     | 885     | 2,008     | 1,778   |

## COOPERATIVE FINANCING FACILITY

The Cooperative Financing Facility program, known as the CFF, has matured during the past 12 months to a dependable and stable source of financing for a wide variety of small and medium-sized export transactions that might well not have taken place without this facility.

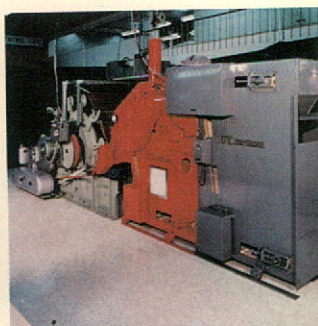
The number of Cooperating Institutions rose to 350 by the end of the fiscal year, involving 56 countries. Since these 350 banks each operates through many branches, there are thus literally thousands of sources of financing available to potential purchasers of U.S. goods and services, and the volume of sales supported is a clear indication that the wide dispersal of this facility has in fact been very effective in promoting exports. As one measure of this effectiveness, the number of export



Flow Coating  
PPG Industries, Inc.  
Pittsburgh, Pa.



Sabre 75A Executive Jet  
Rockwell International  
Bethany, Okla.



Feeder for Fiber Carding  
Rando Machine Corp.  
Macedon, N.Y.



Articulated Loader  
J.I. Case Company  
Racine, Wisc.



loans supported by the program reached 1,495, almost doubling the number of loans supported in fiscal year 1973. At the same time, the average size of the transactions supported remained below \$260,000, thus continuing the emphasis on the type of transaction for which the facility was designed.

Since under the CFF the cooperating bank assumes the credit risk of its customers, individual export loans under a facility can be authorized by Eximbank in as little time as one day, and the program can reach out to buyers whose creditworthiness would be difficult for Eximbank to ascertain. Any U.S. goods and services for which customary repayment terms exceed one year but do not exceed five years are eligible for financing under CFF.

The following is a breakdown by size of loans approved for purchases under the program since its inception:

|                               | Number of Loans |
|-------------------------------|-----------------|
| Up through \$50,000           | 1,200           |
| \$50,001 through \$100,000    | 483             |
| \$100,001 through \$150,000   | 279             |
| \$150,001 through \$200,000   | 156             |
| \$200,001 through \$300,000   | 208             |
| \$300,001 through \$400,000   | 103             |
| \$400,001 through \$500,000   | 93              |
| \$500,001 through \$1,000,000 | 110             |
| Over \$1,000,000              | 50              |
| Total                         | 2,682           |

A wide range of products is supported by this program. During the fiscal year, emphasis continued on manufacturing and construction equipment, collectively accounting for approximately 50% of the Export Loans. However, the broad sweep of the program is demonstrated by the fact that no fewer than 250 individual product lines were supported.

A directory listing all of the Cooperating Institutions is available upon request to the Bank's Public Affairs and Export Expansion office, 811 Vermont Avenue, N.W., Washington, D.C. 20571.



Polish & Surface Preservative  
Sheila Shine, Inc.  
Miami, Fla.



Cessna AgWagon  
Cessna Aircraft Company  
Wichita, Kan.



Hydro-Soil Extractor  
Spray-Brite  
La Mirada, Calif.



Telekruiser Hydraulic Crane  
Bantam Div., Koehring Co.  
Waverly, Iowa

## LEASE GUARANTEE PROGRAM

The Lease Guarantee Program is designed to provide U.S. and non-U.S. lessors with a guarantee of payment by a lessee for the lease of new or used U.S. equipment outside of the United States on either a full payout or a non-payout basis. Coverage is available for political risks only, or for political and commercial risks combined. However, political risks coverage is not available when a non-U.S. lessor is located in the country where the equipment is leased.

Commercial banks can take advantage of this program by acting as lessors themselves, or by financing leases under an assignment of the lease proceeds and the security interest in the equipment. Such assignments require Eximbank's written approval.

The leasing industry, manufacturers engaged in marketing their equipment through a lease program, and commercial banks have expressed keen interest in the program. Those transactions covered by Eximbank guarantees involve a wide variety of products such as aircraft, computers, trucks, and construction equipment.

## ENGINEERING, PLANNING AND FEASIBILITY STUDIES

Again in fiscal year 1974, Eximbank offered substantial support to the sale of U.S. engineering, technical and consulting services. The preparation of feasibility studies by U.S. engineering firms has become an area of increasing activity as more and larger major capital projects are being planned overseas. Eximbank assistance in financing such studies is an important factor to enable the best U.S. technology and expertise to be applied, with the anticipation that additional U.S. exports will result. Eximbank continued to offer support to a wide range of design, management and consulting services in addition to feasibility studies.

One of the most significant developments of FY 74 was the greater involvement of the Foreign Credit Insurance Association (FCIA) in financing service contracts. FCIA and Eximbank jointly developed an insurance policy tailored specifically to the needs of the U.S. exporters of services which has been well received by the industry.



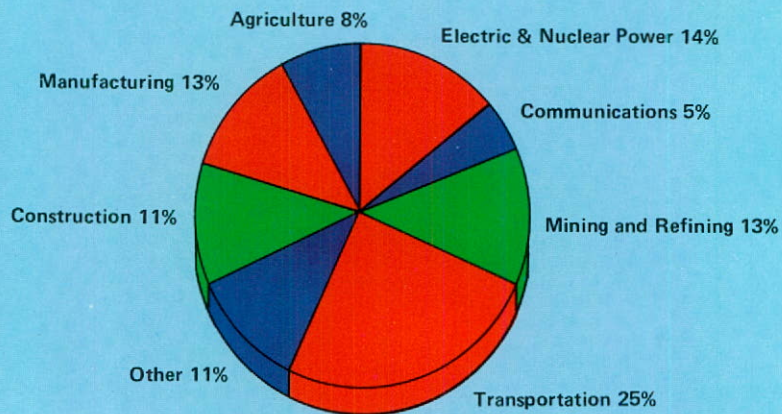
# SUMMARY OF GROSS AUTHORIZATIONS, FISCAL 1974-69

(Dollars in Millions)

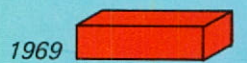
|   | Fiscal 1974              |                   |                          | Fiscal 1973       |                          |                   | Fiscal 1972              |                   |                          | Fiscal 1971       |                          |                   | Fiscal 1970              |                   |                          | Fiscal 1969       |         |                   | Increase FY 74 Over FY 69 |  |
|---|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|---------|-------------------|---------------------------|--|
|   | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Number of Authorizations | Amount Authorized | Percent | Amount Authorized | Percent                   |  |
| <b>LOANS</b>  |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Regular:  | 349                      | \$3,486.8         | 274                      | \$2,046.5         | 213                      | \$1,951.7         | 198                      | \$1,451.7         | 120                      | \$1,172.1         | 78                       | \$ 780.6*         | 271                      | 347.4             | \$2,706.2                | 346.7             |         |                   |                           |  |
| Equipment & Service                                     | 1                        | 200.0             | 2                        | 200.0             | 3                        | 190.0             | 4                        | 253.0             | 5                        | 286.4             | 3                        | 225.0             | (2)                      | (66.7)            | (25.0)                   | (11.1)            |         |                   |                           |  |
| Military  | 3                        | 81.7              | 1                        | 75.0              | 3                        | 84.8              | 4                        | 112.6             | 1                        | 75.0              | 1                        | 75.0              | 2                        | 100.0             | 6.7                      | 8.9               |         |                   |                           |  |
| Commodity   | 1,495                    | 207.7             | 831                      | 82.5              | 326                      | 57.1              | 29                       | 10.1              | 1                        | 5.0               | —                        | —                 | 1,495                    | +                 | 207.7                    | +                 |         |                   |                           |  |
| CFF   | 68                       | 4.9               | 144                      | 9.9               | 69                       | 12.4              | 9                        | 12.3              | 24                       | 86.1              | 7                        | 29.5              | 61                       | 871.4             | (24.6)                   | (83.4)            |         |                   |                           |  |
| Relending   | 1,778                    | 923.5             | 2,008                    | 1,639.6           | 885                      | 988.6             | 543                      | 522.4             | 765                      | 584.2             | 45                       | 185.1             | 1,733                    | 3,851.1           | 738.4                    | 398.9             |         |                   |                           |  |
| Discount  | 3,694                    | \$4,904.6         | 3,260                    | \$4,053.5         | 1,499                    | \$3,284.6         | 787                      | \$2,362.1         | 916                      | \$2,208.8         | 134                      | \$1,295.2         | 3,560                    | 2,656.7           | \$3,609.4                | 278.7             |         |                   |                           |  |
| Total Loans   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| *Includes Special Foreign Trade Loan of \$50.0 million. |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| <b>GUARANTEES</b>                                       |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Financial Guarantees (related to Direct Loans)          | 519                      | \$1,046.3         | 735                      | \$1,359.0         | 402                      | \$1,159.7         | 141                      | \$1,013.0         | 43                       | \$ 290.3          | —                        | \$ —              | 519                      | +                 | \$1,046.3                | +                 |         |                   |                           |  |
| Financial Guarantees (not related to Direct Loans)      | 3                        | 3.2               | 5                        | 3.8               | 3                        | 2.7               | 7                        | 33.1              | 7                        | 39.7              | 6                        | 112.3             | (3)                      | (50.0)            | (109.1)                  | (97.2)            |         |                   |                           |  |
| Local Cost Guarantees                                   | 21                       | 141.5             | 39                       | 166.8             | 24                       | 57.4              | 11                       | 30.6              | 2                        | 5.5               | —                        | —                 | 21                       | +                 | 141.5                    | +                 |         |                   |                           |  |
| Lease Payments  | 7                        | 1.1               | 16                       | 27.4              | 11                       | 6.1               | 6                        | 17.6              | 4                        | 3.2               | 3                        | 6.3               | 4                        | 133.3             | 5                        | 83.3              |         |                   |                           |  |
| Engineering Services                                    | 3                        | 2.1               | 3                        | 2.3               | 2                        | .8                | 1                        | 1.2               | 4                        | 2.0               | 3                        | —                 | —                        | +                 | (4.2)                    | (66.7)            |         |                   |                           |  |
| Equipment Political Risk                                | 1                        | .1                | 4                        | 18.0              | 6                        | 23.0              | 7                        | 19.6              | 3                        | 5.6               | —                        | —                 | 1                        | +                 | .1                       | +                 |         |                   |                           |  |
| Preshipment and Consignment                             | 9                        | 75.4              | 2                        | 50.6              | 6                        | 469.7             | 13                       | 1.6               | 5                        | 1.1               | 5                        | 2                 | 4                        | 80.0              | 75.2                     | 37,600.0          |         |                   |                           |  |
| Regular Bank Guarantees                                 | 1,111                    | 307.5             | 971                      | 336.3             | 802                      | 469.7             | 716                      | 279.7             | 834                      | 245.4             | 903                      | 259.4             | 208                      | 23.0              | 48.1                     | 18.5              |         |                   |                           |  |
| Revolving Repayment Increases                           | 16.4                     | 16.4              | 23.8                     | 23.8              | 23.7                     | 23.7              | 23.7                     | 23.2              | 19.7                     | 19.7              | 18.1                     | 18.1              | 754                      | 82.0              | \$1,196.7                | (9.4)             |         |                   |                           |  |
| Total Guarantees  | 1,674                    | \$1,593.6         | 1,775                    | \$1,988.0         | 1,256                    | \$1,743.4         | 902                      | \$1,419.6         | 902                      | \$ 612.5          | 920                      | \$ 396.9          | 754                      | 82.0              | \$1,196.7                | 301.5             |         |                   |                           |  |
| <b>INSURANCE</b>  |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Short-term policies:                                    |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Comprehensive   | 1,052                    | \$1,570.4         | 1,119                    | \$1,346.0         | 973                      | \$923.8           | 1,043                    | \$ 817.9          | 1,061                    | \$ 703.9          | 1,059                    | \$ 604.2          | (7)                      | (7)               | \$966.2                  | 159.9             |         |                   |                           |  |
| Political   | 57                       | 41.5              | 94                       | 58.8              | 53                       | 36.3              | 80                       | 68.7              | 84                       | 66.4              | 86                       | 62.1              | (29)                     | 33.7              | (20.6)                   | (33.2)            |         |                   |                           |  |
| Medium-term policies:                                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Comprehensive   | 1,253                    | 247.1             | 1,553                    | 412.5             | 1,431                    | 385.4             | 1,429                    | 303.9             | 1,325                    | 283.6             | 1,011                    | 139.0             | 242                      | 23.9              | 108.1                    | 77.8              |         |                   |                           |  |
| Political   | 12                       | 4.1               | 23                       | 6.0               | 39                       | 8.3               | 35                       | 6.5               | 34                       | 4.5               | 61                       | 9.3               | (49)                     | (80.3)            | (5.2)                    | (55.9)            |         |                   |                           |  |
| Combined short-term/medium-term policies:               |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Comprehensive   | 250                      | 206.7             | 173                      | 124.4             | 143                      | 159.8             | 177                      | 96.4              | 175                      | 56.7              | 39                       | 8.8               | 211                      | 541.0             | 197.9                    | 2,248.9           |         |                   |                           |  |
| Political   | 5                        | 2.3               | 7                        | 1.8               | 6                        | 18.3              | 4                        | 6.0               | 2                        | .6                | 4                        | .9                | 1                        | 25.0              | 1.4                      | 155.6             |         |                   |                           |  |
| Master policies:  |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |                          |                   |         |                   |                           |  |
| Comprehensive   | 40                       | 409.3             | 29                       | 288.9             | 25                       | 431.0             | 14                       | 183.8             | 2                        | 30.0              | —                        | —                 | 40                       | +                 | 409.3                    | +                 |         |                   |                           |  |
| Political   | 7                        | 119.9             | 8                        | 234.4             | 6                        | 237.5             | 5                        | 130.5             | —                        | —                 | —                        | —                 | 7                        | +                 | 119.9                    | +                 |         |                   |                           |  |
| Total FCIA Insurance                                    | 2,676                    | \$2,601.3         | 3,006                    | \$2,472.8         | 2,676                    | \$2,200.4         | 2,787                    | \$1,613.7         | 2,683                    | \$1,145.7         | 2,260                    | \$ 824.3          | 416                      | 18.4              | \$1,777.0                | 215.6             |         |                   |                           |  |
| Consignment Insurance                                   | —                        | —                 | —                        | —                 | 46                       | 1.9               | 41                       | 1.1               | 38                       | 1.1               | 24                       | .3                | (24)                     | +                 | (.3)                     | +                 |         |                   |                           |  |
| Total Insurance   | 2,676                    | \$2,601.3         | 3,006                    | \$2,472.8         | 2,722                    | \$2,202.3         | 2,828                    | \$1,614.8         | 2,721                    | \$1,146.8         | 2,284                    | \$ 824.6          | 392                      | 17.2              | \$1,776.7                | 215.6             |         |                   |                           |  |
| GRAND TOTALS  | 8,044                    | \$9,099.5         | 8,041                    | \$8,514.3         | 5,477                    | \$7,230.3         | 4,517                    | \$5,396.5         | 4,539                    | \$3,968.1         | 3,338                    | \$2,516.7         | 4,706                    | 141.0             | \$6,582.8                | 261.6             |         |                   |                           |  |



## TYPES OF EXPORT SALES SUPPORTED IN FY 74



Fiscal Year \$2,900



1969 \$5,455



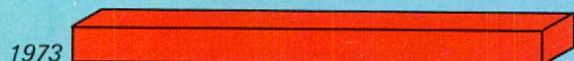
1970 \$6,873



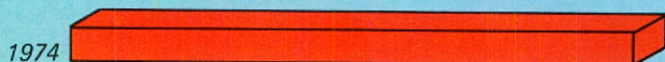
1971 \$9,500



1972 \$10,546



1973 \$12,759



0 5,000 10,000 15,000

\$Millions

**Export Sales Supported by Authorizations**

232 Fiscal Year



436



550



760



843



1,021



1,500 1,000 500 0

Thousands of Jobs

**U.S. Jobs Created by These Export Sales**



# EXIMBANK

## . . . serving U.S. Industry, Workers, Communities, by supporting exports of CONSTRUCTION EQUIPMENT



*This is a scale model of a prefabricated two-story primary school in the Bahamas. Panelfab of Florida was the chief U.S. supplier for this Eximbank-financed project.*

Cranes, trucks, prefabricated buildings, boilers, hardware, paints, hospital, hotel and air-conditioning equipment and all their component parts are among the thousands of items exported under this listing, along with several major construction project exports. Eximbank facilitated 2,038 transactions in this category in FY-1974, including 18 loans totaling \$67 million, and hundreds of insurance and guarantee actions. More than one-third of U.S. construction machinery is exported. While our firms have a decided edge in the competition, they must contend with foreign licensees of U.S. manufacturers for some overseas business.

Such names as Caterpillar, J. I. Case, International Harvester, Allis Chalmers, Bucyrus Erie and Harnischfeger are known to construction workers of every nationality. These companies' plants are concentrated in the North Central States where their export business strongly supports local and regional economies. Sub-suppliers

*Residential air-conditioning unit, Carrier Corporation.*



of these and other construction item exporters number in the tens of thousands and are located in every one of the contiguous 48 states.



*Trucks like this Series 5000 made by International Harvester Company of Chicago, Illinois, are sold in many parts of the world for use on construction projects for hauling fill, rock, gravel, sand or asphalt over long distances.*



*Used for excavation work on construction sites with restricted work areas, this model 466 hydraulic excavator is made in Milwaukee, Wisconsin, by Koehring Company for sale here and abroad.*



1. **David Green & Sons, Inc.**, Anchorage, Alaska, is a large furrier. The company exports 25% of its \$600,000 in sales each year. Erich Adam is Chief Fur Buyer for this company which, in its expansion efforts plans to utilize Eximbank programs to increase export activity.

2. The **Boeing Company** has seven plants in Seattle, Washington (10 in the U.S.) with a total work force of 75,000. Mier B. Varon and 14,410 colleagues are employed in Seattle Plant No. 2 where a large percentage of production for export sales of aircraft takes place. Eximbank support is an essential part of Boeing's sales in overseas markets.

3. Lorraine Lunning is an Export Specialist with **Kimwood International Corp.**, Cottage Grove, Oregon. This company exports approximately \$3.5 million in forest products per year, some with Eximbank financing. These export sales provide approximately 1,000 man-months of domestic employment per year.

4. **Bechtel Corporation**, San Francisco, California, provides such services as engineering, construction, procurement, and construction management. Shirley Gaufin, Manpower Service Representative, is one of over 20,000 employees. Last year the company's foreign services amounted to approximately \$634 million. Eximbank was instrumental in the financing arrangements for almost \$9 million of these export sales.

5. **Theo. H. Davies & Co., Ltd.**, of Honolulu, Hawaii is represented by Kathy Novak, executive secretary to the Group Vice President of Finance, and one of 1,600 employees. Eximbank has assisted in the financing of heavy equipment export sales for this company.

6. Representing his fellow employees of the **Morrison-Knudson Company, Inc.**, Boise, Idaho, is Mathew D. McIntyre, Design Engineer, International Operations. M-K is one of the largest construction and engineering companies in the world, with a commensurate work force of several thousand in the U.S. This company's exports to 71 countries have been supported by Eximbank programs.

7. **Agrinautics** of Las Vegas, Nevada, makes agricultural aircraft equipment which is used to dispense herbicides, insecticides and fungicides for fertilization purposes and also for insect and disease control. Steve Casebeer, a machine operator, is one of the 25 employees of this company which is located near McCarran Airport and is the largest exporter in Nevada.

8. Francis H. Holland is President and Sales Manager of **Holland Loader Company**, Billings, Montana. The company, a maker of the Holland loader excavating machine, has only 13 employees in its manufacturing plant, yet its export volume in fiscal year 1974 was over \$262,435, assisted in part by Eximbank programs.

9. Brent Sainsbury operates a water-arc plasma cutter. He and about 1200 employees work in the Eimco BSP and Eimco TMD Divisions of **Envirotech Corporation**, Salt Lake City, Utah, where the company manufactures underground mining machinery and other products. The company's export sales for FY-74 amounted to \$17 million of which \$3.5 million was made possible through Eximbank participation.

10. Arizona's **Empire Machinery Company** in Mesa is represented by Mike Shestko, Assistant to the Vice President. Empire's work force totals some 605 employees. Eximbank's involvement in this growing exporter's sales of cranes and allied machinery to five overseas markets during FY74 was better than 10%.

11. **Wyott Corporation**, Cheyenne, Wyoming, is a manufacturer of food service equipment such as fryers, griddles, creamers and busing carts, of which it exports approximately a quarter of a million dollars annually. Representing Wyott's 200 employees is Mr. Gordon Jemm, Executive Vice President of this growing concern.

12. The **Eversman Manufacturing Company** of Denver, Colorado, manufactures farm equipment, and employs 125 people in their factory, including Ted Barajas, a press brake operator. Eximbank guarantees supported over \$750,000 in total export sales for Eversman.

13. Terry Rondeau is one of 350 employees of **Pioneer Wear, Inc.**, Albuquerque, New Mexico. The company sells

Western Outerwear to ten countries in the export marketplace with the support in many instances of Eximbank/FCIA guarantees and insurance programs.

14. Robert N. Spolum and his 2,200 fellow employees work for **Clark Equipment Company's** Melrose Division in Gwinner, North Dakota. Clark employs 30,000 in its various locations in the U.S. and manufactures a number of products, some of which it sells for export, including the noted Bobcat Skidsteer loader.

15. Jim Jones works for **Alkota Manufacturing, Inc.**, Alcester, South Dakota. The company, a manufacturer of steam and high pressure cleaners, received an "E" award two years ago from the U.S. Department of Commerce. Alkota has had little export experience to date but is planning to become more actively involved in the world marketplace and has begun to work with FCIA/Eximbank programs.

16. Blaser A. Kozial, a group leader in the building line of **Behlen Manufacturing Co.**, Columbus, Nebraska, is one of over 1100 employees who produce various products including frames and frameless buildings, metal hydraulic stitching and blanking machinery, many for overseas export and some with Eximbank support.

17. **Beech Aircraft Corporation**, Wichita, Kansas, operates four plants in the U.S. with a total of 6,836 employees. Loren McGlavin, engine installer, works on the installation of piston and turbine engines. Of the company's total export sales of over \$45 million in FY-74, Eximbank programs were a contributing factor to obtaining \$15 million.

18. Bill Swisher is the Chairman of **CMI Corporation** which is located in Oklahoma City, Oklahoma. Twelve hundred employees in 12 plants located in eight states manufacture 82 products totaling \$4 million in fiscal year 1974. More than a quarter of their manufactured products are exported, a large percentage with Eximbank support.

19. Collins Radio Group, Dallas, Texas, is the largest exporting group in the operations of **Rockwell International Corporation** of Pittsburgh, Pennsylvania, and one of 400 facilities in 41 states in this huge combine. Rockwell employs 113,000 in the U.S. including Barbara Mitchell, an assembly operator in the Dallas facility. The 100 product lines sold by Rockwell International to 75 countries cover a wide range relating to the aerospace, automotive, consumer and electronics industries, most often with Eximbank support.

20. Thomas Sobasky is a journeyman machinist at the main plant of **American Hoist and Derrick Company** which is located in St. Paul, Minnesota. He is one of 7,000 employees in the company which has plants in 11 states and manufactures 18 different products for export markets worldwide. Eximbank's programs assisted a healthy portion of the company's more than \$15 million export sales in fiscal year 1974.

21. The **Kartridge Pak Company**, Davenport, Iowa, employs 255 people. Jack Current is an "A" rating machine assembler of products like aerosol packing machines. This Company's export sales for FY 74 totaled over \$2 million.

22. James E. Currier, Chief Engineer, is one of 6,600 employed by **Fulton Iron Works Co.**, St. Louis Missouri, a subsidiary of Katy Industries, Inc. Fulton exported approximately \$2 million of goods during fiscal year 1974, two-fifths of which required Eximbank credit assistance.

23. **Jacuzzi Bros., Inc.**, Little Rock, Arkansas, a manufacturer of injector type pump and water systems, has over 900 employees in the U.S. including Art Lenhardt who is a foreman on the water systems line. Jacuzzi's export sales from their domestic factories amounted to more than \$3.5 million in calendar year 1973. Eximbank programs assist these sales.

24. **Cane Machinery and Engineering Company, Inc.**, of Thibodaux, Louisiana, manufacturer of sugar cane harvesting and handling equipment, has a staff of nearly 200. Nelson Gros supervises the final assembly of the products made by this company which, in fiscal year 1974, had export sales of \$6.5 million, 50% of which was supported by Eximbank programs.

25. **Rexnord of Milwaukee**, Wisconsin, employing over 15,000 worldwide, is represented by Thomas Antczak, an



# EXPORTS Mean . . .

## Growth for the American Economy

- In 1973 exports increased 44%,
- Accounted for 12% of goods produced, and
- Added \$70 billion to U.S. economic activity.

## Jobs for American Workers

- Some 3 million jobs
- In thousands of plants
- In every state in the United States are related to exports.

## Business for American Enterprise

- In 1973, small companies and giant corporations earned \$10 billion in export profits.
- Banks, insurers and other service and professional firms also benefitted.

## Tax Revenues

- \$4.5 billion in federal taxes on corporate earnings from exports;
- State and local governments benefit too.
- Ports, airlines, trains and trucks service exports.

## Foreign Exchange

- Buys essential imports to keep our factories and farms operating, and
- Goods to provide American consumers with a variety of products at reasonable prices.
- Combats inflation by strengthening the dollar.



# EXIMBANK Means EXPORTS

## — Food Production and Equipment

- 780 transactions valued at nearly \$1 billion, applying U.S. high technology to food problems around the world.
- Products ranging from tuna boats to tobacco, tractors to sugar mills, and produced in many sections of the USA.

## — Manufactured Goods

- General equipment and products valued at \$1.7 billion go into world markets, proving that what is useful is exportable.
- From a \$1,000 bag-making machine and a \$20,000 truck to a \$60 million petrochemical plant, manufactured exports flowed from every part of the country.

## — Mining and Processing Equipment

- \$500 million in Eximbank loans to support \$1.9 billion in exports.
- U.S. equipment and engineers help relieve world oil, gas and mineral shortages.

## — Construction Machinery and Materials

- Sub-suppliers from every part of the USA share in \$1.3 billion of equipment exports facilitated by Eximbank.
- Major suppliers in the North Central States export up to 40% or more of production.

## — Electric Power Generation

- \$610 million in Eximbank credits facilitated exports of generators, turbines and related equipment and services valued at \$1.5 billion,
- To satisfy increasing demands for energy in Brazil, Canada, Israel, New Zealand, Zaire and other countries around the world.

## — Transportation

- 1,527 transactions involving \$2.3 billion in Eximbank authorizations make this the largest area of Bank activity.
- In all, export sales of planes, locomotives, ships, trucks and related equipment and services supported by Eximbank totaled \$4.1 billion.

## — Communications

- U.S. telephone systems, computers and broadcasting equipment are best sellers in world markets.
- Our electronics plants and talent, working under heavy pressure from foreign competition, are located principally in the Northeastern States and Southern California.



# U.S. EXPORT SALES SUPPORTED BY FOR OVER A MILLION JOBS



SEE CHART ON PAGE 22 FOR FURTHER DETAILS ON U.S. JOBS



# Y EXIMBANK IN FY 74 ACCOUNTED S FOR PEOPLE LIKE THESE.



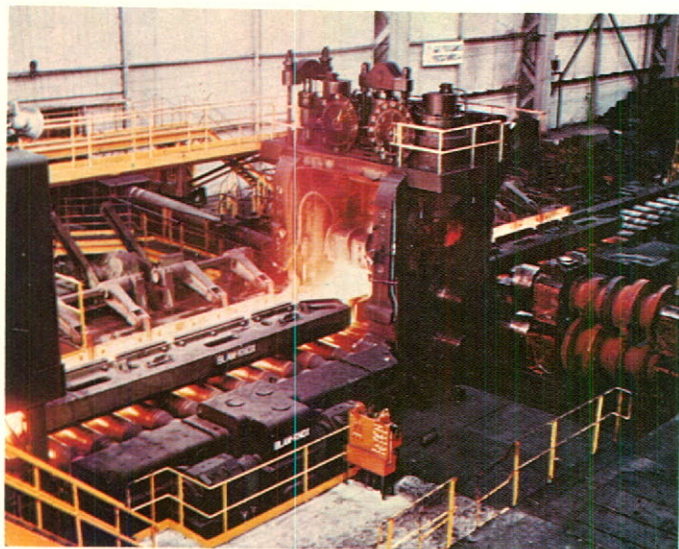


## ... MINING and PROCESSING EQUIPMENT EXPORTS

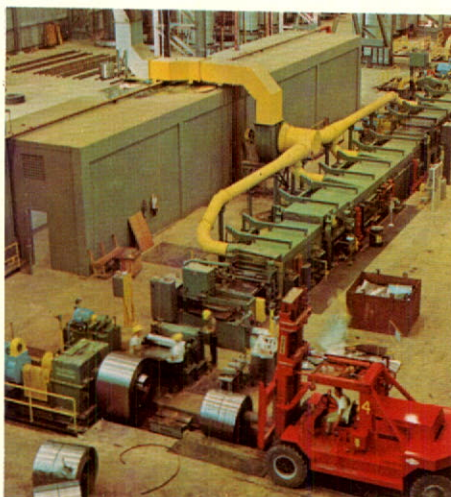
Steel production is a basic goal of all major nations, and a number of countries compete vigorously to sell the steel-producing equipment needed to overcome a worldwide shortage of this basic metal. U.S. suppliers, with Eximbank support, won large steel mill contracts in Spain, Argentina, Yugoslavia and Mexico during the year against very strong Japanese and European competition. Production of U.S. steel mill equipment is concentrated in the Allegheny region, Chicago, St. Louis and West Central California. U.S. mining machinery, about 20 percent of which is exported, went to produce bauxite in Guyana, copper in Peru, coal in Turkey, iron ore in Mexico and nickel in Liberia, to list a few Eximbank-supported transactions.

## ... AND PETROLEUM PRODUCTION

There is a vast market for U.S. technology and equipment in the worldwide rush to increase oil and gas production. Much of the demand is for our specialized services and equipment to install offshore platforms, to drill and to lay pipelines. A Norwegian contract for \$151 million and a British contract of \$85 million, both for North Sea projects, went to U.S. suppliers in FY-1974. So also did a \$55 million oil refinery expansion in Canada, and a \$77 million liquid natural gas plant in Indonesia. Eximbank loans were involved in all cases and helped U.S. suppliers to maintain their predominant position in world markets against increasing competition from Japanese, German, British, French and Scandinavian competitors.



*An aggregate of Eximbank support totaling some \$150 million helped to furnish the equipment and supplies needed to expand this integrated steel mill for Fundidora Monterrey, S.A., of Mexico. Blaw-Knox Company of Pittsburgh, Pennsylvania, supplied the breakdown mill for this project. Fundidora utilizes its own sources of raw materials of iron ore and coking coal to operate the mill.*



*A credit of \$65.8 million was extended by Eximbank to Iligan Integrated Steel Mills, Inc., for construction of this semi-integrated steel mill on Mindanao, Philippines. These views show the cleaning line supplied by Blaw-Knox Corporation, and the annealing furnaces supplied by Lee Wilson Company of Cleveland, Ohio.*



*Eximbank has extended some \$235 million in credits to the Ekofisk Co-Ventures to assist in financing North Sea gas and oil development in Norwegian waters. The quarters platform and heliport shown here, and the "C" complex and setting of compressor packages, were purchased by the builder from Dresser Industries of Dallas, Texas.*



assembler in the Chain & Conveyor Division. Eximbank assistance to Rexnord involved over \$4 million in the export sale of components, engineered equipment and construction machinery during FY-74.

26. One of 60,000 people employed by this company in the U.S., Tyrie Bradley is a welder at the Joliet, Illinois, plant of **Caterpillar Tractor**. Approximately 40% of Caterpillar employment depends on export sales, much with Eximbank support, of several million dollars in farm machinery markets of the world.

27. **American Marine & Machinery Co., Inc.**, Nashville, Tennessee, exported approximately \$1.8 million in sales during FY-74. Ewing Ward, a machine shop leadman, is one of 87 employed by this company. Eximbank supported American Marine sales in the amount of approximately \$.5 million.

28. Carl Austin is a welder at **American Saw Mill Machinery Company**, Corinth, Mississippi. One of 140 employees, he fabricates steel saw mill assemblies. Eximbank supported about one-third of the company's overseas sales of \$358,000 during fiscal year 1974.

29. **General Motors Corporation**, Detroit, Michigan, primarily is engaged in the manufacture of motor vehicles and components, and is extensively involved in export trade. Berta Stellwagen, who works in the final assembly line of GM's Olds plant is one of 510,000 employed by GM in the United States. Exim credits are related to much of GM's overseas sales.

30. Nearly 25% of **Cummins Engine Company's** export sales of \$114 million during 1973 were accomplished with Eximbank's participation. Tom Hunder, Production Machine (drill) Operator, works on the connecting rod machining line in the Columbus, Indiana, plant, one of 11 locations of this Indiana business which manufactures 108 products, exports to 140 countries, and employs 22,200 people.

31. Representing **James Dryer Company, Inc.**, Lexington, Kentucky, custom builders of machinery for plywood and veneer industry, is Randy Abraham. Along with eight fellow workers, he helps to produce the materials that result in yearly sales, including export sales amounting to over \$15,000 for this relatively small company, a new user of Eximbank programs.

32. Charles Casher, Hull Foreman, is one of 500 employees of **Bender Welding and Machine Company, Inc.** (Bender Shipbuilding Company) of Mobile, Alabama. Eximbank participated in the financing of approximately one-third of their over \$3 million in world-wide sales during FY74.

33. William P. Johnson, an assembler, is one of 1,000 people employed in the Euclid, Ohio, plant of **White Motor Corp.** This Cleveland-based company, with 12 plants in seven U.S. states, was aided by \$60 million in financing support by Eximbank during FY-74 for export activity.

34. Uzeal Tanner, foreman of the Fabrication Department of **Rome Industries**, Cedartown, Georgia, is one of over 1,000 U.S. employees of the company. Rome Industries, with Eximbank participating in the financing of 90% of their export sales, ships its products to 74 foreign countries.

35. Loren K. Hutchinson is president of **Southworth Machine Company**, Portland, Maine. The company is a manufacturer of punching, printing and perforating machinery, with a work force of 220, and sells many of its products in the overseas markets, not a little with Eximbank support.

36. 60% of the business done by **Chemical Construction Corporation** of New York, New York, during the past year was exported to 100 overseas markets, a large percentage of it with Eximbank support. Inge Delor, Administrative Assistant, Treasurer's Office, is one of 1,100 employees of Chemico which provides design, engineering, construction, equipping, start-up and operation services for chemical, petrochemical, LNG, and water desalination facilities.

37. **Dravo Corporation**, Pittsburgh, Pennsylvania, has 12,000 employees, 95% of which are based in the U.S. James R. Sharpe is a group Vice President, heading up Dravo's process, construction and engineering operations. The company does extensive overseas business, much of which is arranged with Eximbank participating in the financing.

38. William D. Moreman is Vice President of Export Sales, **Elmac Corporation**, Huntington, West Virginia, an employer

of 250 people. The company's primary export business is accomplished by its Mining Machine Parts Division which manufactures over 6,000 parts utilized in the mining industry in many countries. Eximbank figures in such sales.

39. Joseph W. Giles, Warehouse Superintendent for **Reynolds Aluminum Supply Company** in Richmond, Virginia, one of 4,000 employees in this plant. Reynold's export sales for FY-74 amounted to \$841 million. Eximbank credits helped to effect a large amount of these overseas sales.

40. **The Bouligni Company**, Charlotte, North Carolina, with 450 employees, had a total of \$13.5 million in export sales during the past fiscal year. T. L. Finger, Plant Superintendent of the Charlotte plant supervises the production of Take-Up Machines used in synthetic fiber producing plants. Eximbank participated in \$9 million of Bouligni's exports in FY-74.

41. Export sales of **Saco-Lowell Corporation**, Greenville, South Carolina, totaled over \$21 million during FY-74. Two-thirds of this amount was done with Eximbank support. One of 1,666 employees, Coy Cox is a floor assembler for spinomatic spinning frame floors, one of many products manufactured by Saco-Lowell.

42. **Raytheon Company**, Bedford, Massachusetts, employs some 47,000 people in the U.S. alone, and during FY-74 sold more than \$100 million in goods to overseas buyers. John J. Kovaly is Consulting Engineer, the company's highest engineering category. Eximbank credits for Raytheon's overseas clients during the past year amounted to \$15 million.

43. Mike Lebo, head assembler, is one of 125 employees of the **Callahan-Ams Machine Co.** Division of **Vermont Marble Company**, Proctor, Vermont. Export sales for the company's can and closures manufacturing machinery amounted to over \$2.5 million during fiscal year 1974 with Eximbank participation in a sizeable number of transactions.

44. **Scott & Williams, Inc.**, Laconia, New Hampshire, builders of knitting machinery, employs 700 people in the U.S. Maurice F. Bolduc is Assistant Foreman in the Assemble & Fit Fabric department. This company's export activity was close to \$3 million in FY-74, two-thirds of which was supported by Eximbank programs.

45. Philip A. Boscalia, Jr., is Manager of Administration/Exports for **G. T. Schjeldahl Interamericana, S.A.**, East Providence, Rhode Island. With a total work force of 425 in the Rhode Island plant, this company exported over \$3 million during the fiscal year 1974, with over \$2 million in Eximbank support.

46. **Avco Lycoming**, Stratford, Connecticut, is a division of **Avco Corporation** which has a total U.S. work force of over 28,000. Representing the company is Thomas F. Pelandina, Corporate Director of Communications. Avco's products include gas turbine aircraft, industrial and marine engines, much exported with Eximbank help.

47. This is John Glass, Senior Application Engineer for **Worthington Pump, Inc.**, Mountainside, New Jersey, which employs 1,900 people in the U.S. Worthington's export sales for fiscal year 1974 amounted to approximately \$8 million, of which Eximbank's programs accounted for about 25%.

48. **I. E. du Pont de Nemours & Co.**, Wilmington, Delaware, employs 118,000 people in the United States. Their export activities represent approximately 11% of total sales for the fiscal year 1974 with many transactions moving through the FCIA/Eximbank insurance programs. Shown is Wayne Burge, a market development operator at du Pont's Permasep Products Division plant.

49. **Black & Decker Manufacturing Company** of Towson, Md., employs 9,000 people in the U.S. Dave Kiser, an assembler, is one of 3000 employed at their Hampstead plant. B&D's export sales during FY-74 amounted to \$50 million, of which about half was financed with Eximbank participation.

50. **Calmaquip Engineering, W. H. Corporation**, Miami, Fla., winner of a Commerce Department "E" award in 1972, maintains branches in both the Americas. Eximbank was involved in \$6 million of sales to overseas clients by this company during FY-74. Ms. Olga P. Nuche, Executive Secretary to the President, Raul Gutierrez, is one of 39 persons employed by Calmaquip.



## ...EXPORTS of FARM MACHINERY



*International Agrobusiness Corporation of Iran purchased this planting machine from John Deere & Company of Moline, Illinois, for planting sugarbeets and other similar crops in the development of 17,000 hectares of land in the Khuzestan district in that country. Eximbank's credit of \$2.9 million helped to effect the sales of U.S. equipment and machinery for this project totaling \$6.6 million.*



*A farm tractor, one of the many products exported by the J. I. Case Company of Racine, Wisconsin.*

*Eximbank financing has helped to support export sales of this Hydro-swing pull-type Windrower, a product of the Hesston Corporation of Hesston, Kansas.*



U.S. combines, cotton pickers, hay balers, tractors, trucks and other farm equipment are prized around the world, but foreign competition is growing. Russian, German and Japanese tractors are found on American farms today and Canadian and Italian manufacturers also are very active in international markets. Our production is centered in the Middle West, especially in Illinois, Iowa and Wisconsin. Eximbank supported export sales of farm equipment exceeded \$125 million in FY 1974, thus contributing importantly to export success in this sector.

## ... AND INSECTICIDES

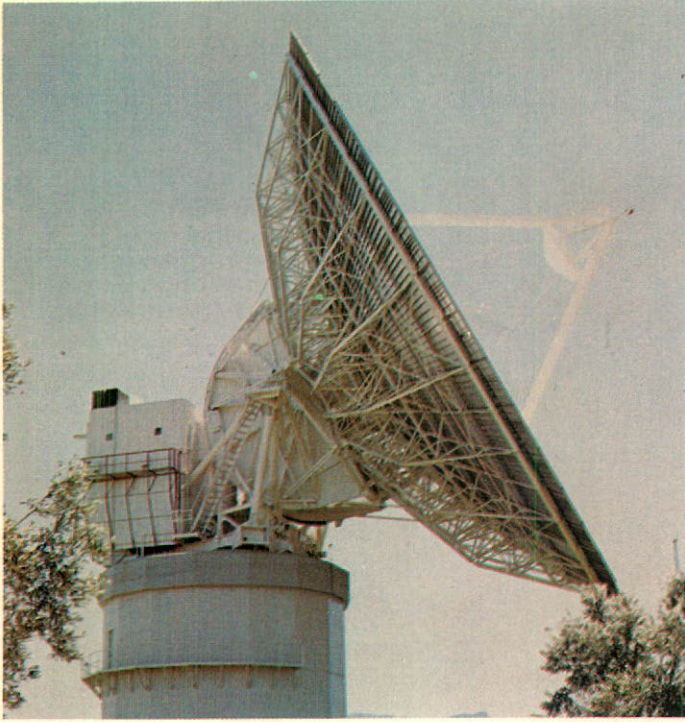
Only 8 direct loans, totaling \$103 million, were involved in the Bank's support of \$971 million of agriculture-related export sales during the year. More than half the support was in the form of short term insurance for products such as pesticides and insecticides. Hercules, Inc., which operates in 20 states, was a major user of insurance under a master policy covering its worldwide shipments of insecticides and other products valued at \$138 million. Other agricultural product exports facilitated by Eximbank include live cattle from Texas and North Dakota, seed grain processing stations handled by an Idaho Corporation, and poultry farm equipment obtained from many suppliers by a New Jersey export sales company.



*Sprayers, produced by the H. D. Hudson Manufacturing Co. of Chicago, are sold for export and for use in dispensing insecticides sold by American companies to overseas buyers.*



## . . . EXPORTS of COMMUNICATIONS EQUIPMENT

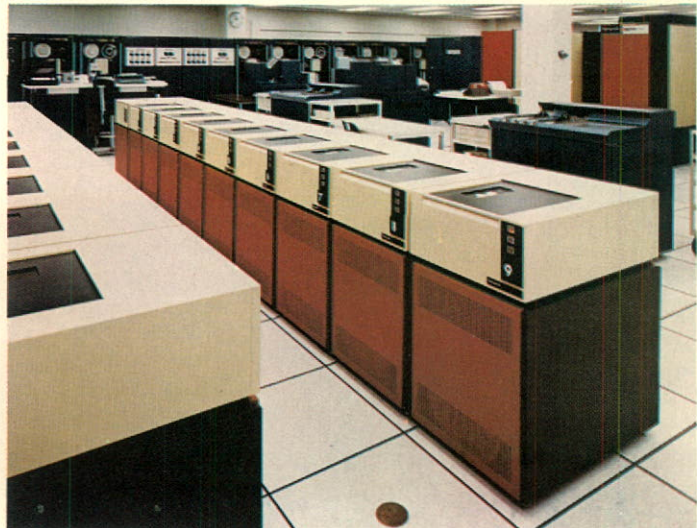


*Greece's initial satellite earth station, located at Thermopylae, was furnished by ITT Space Communication, Inc., of Ramsey, New Jersey, with Eximbank participation in the financing. An additional station was bought from the same American company subsequent to the construction of this one and Eximbank assisted in its financing also.*

Japanese suppliers head the list of competitors in the electronics field where the U.S. advantage lies largely in sophisticated high technology equipment. In FY-1974, \$139 million in export sales of American electronic components and accessories were facilitated by Eximbank, in large part by short-term insurance. Smaller companies filled some of these orders, such as a \$9,000 scientific electron instrument for an Italian buyer, supplied by a company in Ohio.

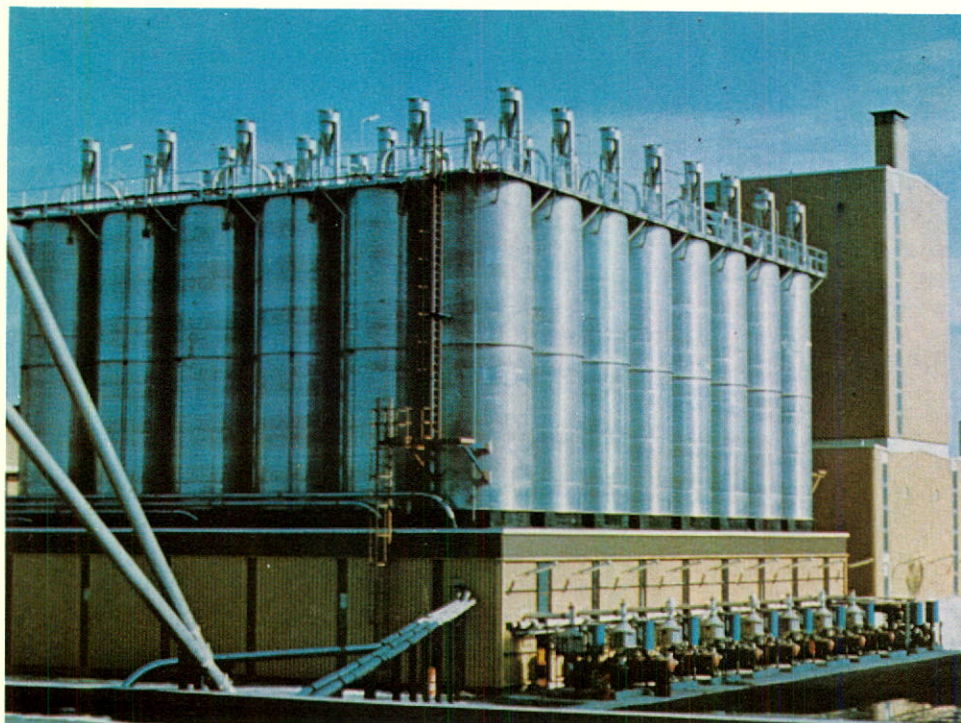
Support was provided for equipment export sales valued at \$713 million. They included earth satellite ground stations and office ribbon inking machines; telephone and telegraph installations and signs and displays; burglar alarms, musical instruments and books—a total of 639 transactions for which Eximbank authorized \$465 million of support. About one-sixth of U.S. electronic computing equipment and one-fourth of our printing machinery are exported. Most transactions supported by Eximbank were relatively small and the suppliers were from all parts of the U.S. The electronic computer export business, for example, was shared by 50 suppliers from 19 states.

*Honeywell Information Systems, Inc., of Waltham, Massachusetts, manufactures these Series 6000 general purpose computers. They are sold here and to many other countries and are used extensively by governments and all types of industries.*



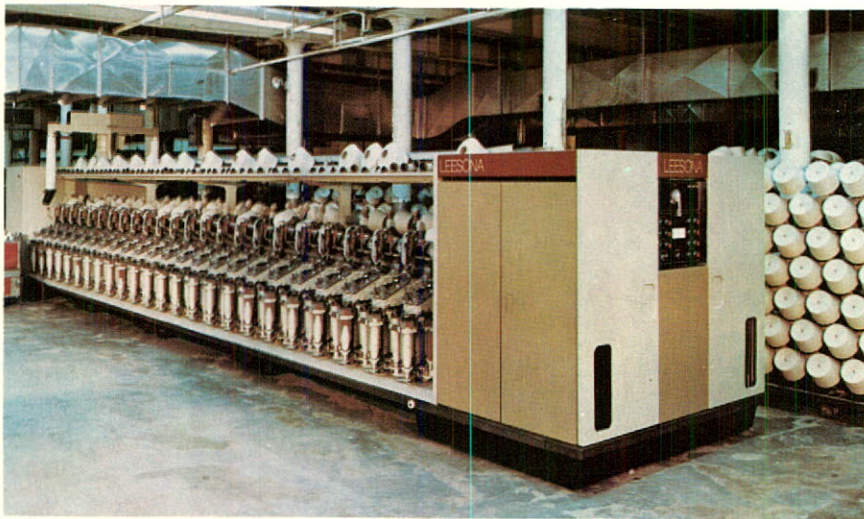


## . . . EXPORTS of MANUFACTURES and MANUFACTURING EQUIPMENT



*Pekema Oy in Finland purchased \$4,340,000 of equipment and services from various U.S. companies for the construction of this low density polyethylene and polyvinyl chloride plant in Poovroo, Finland.*

Sales ranging from a \$60 million petrochemical plant in Taiwan to a \$1,000 labeling machine in Honduras—1,881 transactions in all—had the Bank's support in FY-1974. Equipment for plants to manufacture textiles, automobiles and cement; for steel foundries and for food and beverage processing, were among the more popular export items. The suppliers were from every section of the U.S. and included many small businesses filling small orders. Some samples of these include an \$18,000 garment bag machine exported from Maine and a \$12,000 box closer machine from Wisconsin. Exports of manufactured products account for the largest part (roughly two-thirds) of total U.S. sales abroad.



*The Uniconer, III, manufactured by Leesona Corporation of Warwick, Rhode Island, automatically winds yarn from bobbins to textile packages for use in weaving, knitting or dyeing.*

Competition for U.S. equipment sales abroad is far more intense than most Americans realize. Others have caught up with our technology in all but the most sophisticated areas. It is common to see foreign labels on equipment used in our domestic plants. Our textile machinery, for example, competes with excellent Swiss, German, French

and Italian types. There is also strong competition from Japan and Central Europe. Our failure to provide competitive financing will not reduce competition for our export industry but it will cost jobs and revenues in our equipment industry. This becomes very clear when you see that our textile manufacturers import more textile equipment than our equipment makers export.



## . . . EXPORTS of AIRCRAFT

In FY 1974 Eximbank facilitated export sales of all types of aircraft, including engines and parts valued at \$2.5 billion through direct credits, guarantees and insurance. These planes, helicopters, parts and equipment were produced in plants throughout the U.S.—in California, Massachusetts, Florida, Kansas, Texas and Illinois—which in turn purchased components and other inputs from suppliers in some 40 states.

The impact of these sales is well illustrated in the case of the commercial jets manufactured by Boeing, Lockheed and McDonnell Douglas. Annual output in these companies was \$5.5 billion, of which 50-60% was exported. More than 107,000 Americans were employed in the plants. Purchases from suppliers totaled another \$3 billion and were the product of some 120,000 employee man years. Faced with increasing competition from the European Airbus, American manufacturers are finding Exim support even more important in maintaining their predominant place in world markets.

**Bell Helicopter Company of Fort Worth, Texas, sells its Jet Ranger worldwide in various configurations. This is the most universally-used Helicopter made in the world.**

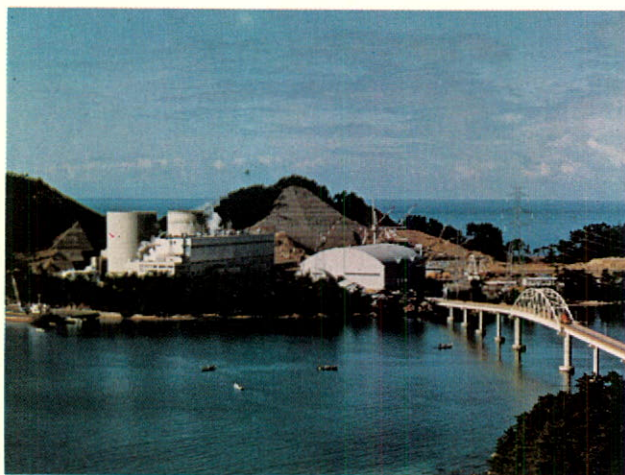


**One of the many DC-10 Jumbo Jets manufactured by McDonnell-Douglas of St. Louis, Missouri. Eximbank's credits to support the export sales of these planes help to assure thousands of jobs in the U.S. for the employees of the plants operated by U.S. aircraft manufacturers.**



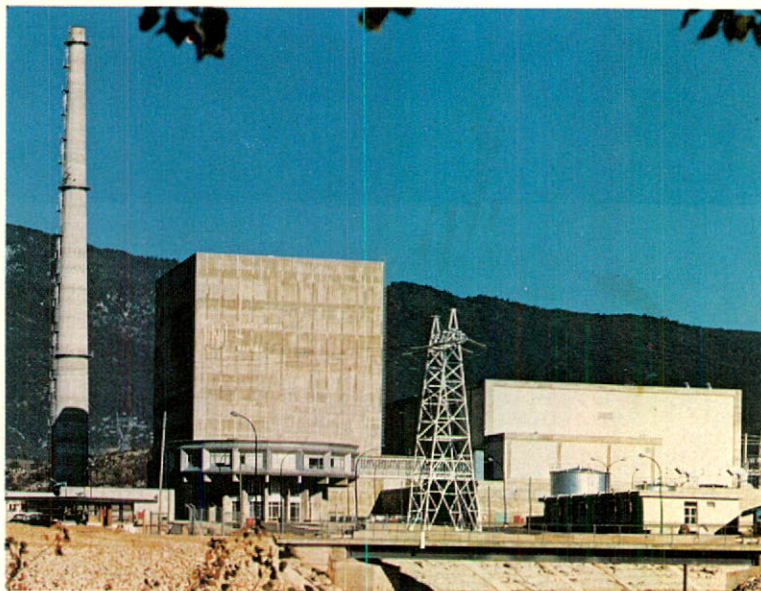
## **. . . EXPORTS of ELECTRIC POWER GENERATING EQUIPMENT**

Nuclear energy offers tremendous future potential and Eximbank has led the way. Already it has financed 37 power reactors in 11 countries. In FY 1974 Exim authorized \$602.5 million in 12 transactions for nuclear power plants and equipment, nuclear fuel and heavy water, and engineering services and studies. It is estimated that the export sale of a single 600 MW nuclear power plant involves the equivalent of 6,000 jobs for a year in the producer and its suppliers and subcontractors. The Germans, Canadians, and Soviets already are competing vigorously in this field, and the French, Japanese, British and Swedes are expected to enter soon.



**Mihama Nuclear Power Station of the Kansai Electric Power Company, Inc., of Japan contains two nuclear plants furnished by Westinghouse Electric Corporation of Pittsburgh, Pennsylvania, under Eximbank credits.**

**General Electric Company of New York, N. Y., furnished the 460 MW boiling water type nuclear plant pictured here as part of the \$48.5 million in U.S. equipment purchased for the Santa Maria de Garona Nuclear Power Station located on the Ebro River in Northern Spain.**



**Units No. 1 and 2 (2-300 MW) of the Talin Station of Taiwan Power Company were financed, in part, under an Eximbank credit of \$31.2 million. Three more similar units have since been constructed in this area—all with Eximbank financial support.**



## **CUMULATIVE REPORT AVAILABLE UPON REQUEST**

A separate report containing the following information may be obtained by writing to the Public Affairs Office, Room 1203.

1. A summary of the Bank's authorizations during the 12-month period from July 1, 1973, through June 30, 1974. This presentation is alphabetical by country, followed by an area summary, and contains details of individual direct credits authorized during the same period.

2. A summary of the Bank's activities from its inception on February 12, 1934, to June 30, 1974. This summary is arranged alphabetically by country, followed by area and world summaries.

3. A supplement on Cooperative Financing Facility (CFF) loans and Relending Loans authorized during fiscal year 1974. This summary is presented alphabetically by country with details of individual export loans or sub-loans approved under the CFF and Relending facilities during the 12-month period from July 1, 1973, through June 30, 1974.



## FUNDING OF OPERATIONS

Funds for Eximbank's operations in fiscal year 1974 have been provided principally by net income from operations, repayments on loans, borrowings from the Treasury Department and sales of the Bank's debentures. In the past, sales of assets at its going rate of interest have been a significant source of funds but such sales were minimal during the past year.

## TREASURY BORROWINGS

Net borrowings from the U.S. Treasury during fiscal year 1974 were \$569.2 million; the rates for these borrowings ranged from 7.08% to 9.47%.

## DEBENTURES

Eximbank successfully sold \$1 billion of debentures during fiscal year 1974, all through competitive bidding by nationwide syndicates of underwriters. The \$1 billion was comprised of three issues which were sold on August 28, 1973, November 27, 1973, and March 7, 1974.

Listed below are Eximbank's outstanding debentures as of June 30, 1974. Series 1979-B for \$143,115,000 was sold directly to the New Jersey Turnpike Authority. All of the other debentures, except for 1979-C, were re-offered to the public at par by the underwriters. Series 1979-C was offered by the underwriters to the public at a price of \$100.20. None of the Bank's debentures are subject to a sinking fund nor are they redeemable prior to the maturity dates.

## CONTRIBUTION TO U.S. BALANCE OF PAYMENTS

The favorable impact Eximbank operations have on the balance of payments, now and in the future, is one very important reason why its role in expanding export financing is so vital to the economic stability of the United States.

The inflow of principal, interest, and fees on long-term loans and other credits extended directly to foreign borrowers by Eximbank, plus sales abroad of loans, less payments to foreign holders of participations in loans and recourse sales repurchased, contributed over \$1.3 billion to the favorable side of the United States balance of payments during fiscal year 1974.

However, this figure by no means measures Eximbank's total contribution. To that figure must be added payments received by suppliers or their banks on exports financed under Eximbank's guarantee and insurance programs as well as the cash payments associated with Eximbank credits. The dollar inflow from exporters covered by short-term insurance is generally realized within 180 days after shipment. In medium-term transactions covered by insurance or a guarantee, the required cash payment by the foreign buyer, normally between 10 and 30 percent of the invoice value, immediately benefits the balance of payments. Thereafter, the payment of principal is relatively rapid, averaging about 2½ years.

In the case of cash payments and guarantees to foreign financial institutions, of course, there is an immediate dollar inflow of the entire amount upon payment by the foreign financial institution to the supplier.

| Date Sold              | Series | Coupon Rate | Price     | Eximbank Interest Cost | Maturity | Amount          |
|------------------------|--------|-------------|-----------|------------------------|----------|-----------------|
| 12-1-71                | 1976-A | 5.70        | 99.659999 | 5.7793                 | 12-1-76  | \$ 300,000,000  |
| 2-3-72                 | 1975-A | 5.30        | 99.8544   | 5.3532                 | 2-3-75   | 300,000,000     |
| 5-3-72                 | 1979-A | 6.60        | 99.768    | 6.64198                | 5-3-79   | 200,000,000     |
| Total Fiscal Year 1972 |        |             |           |                        |          | \$ 800,000,000  |
| 8-2-72                 | 1977-A | 6.25        | 99.77999  | 6.30198                | 8-2-77   | \$ 400,000,000  |
| 8-7-72                 | 1979-B | 5.81        | 100.0     | 5.81                   | 1-1-79   | 143,115,000     |
| 11-1-72                | 1978-A | 6.45        | 99.826    | 6.48963                | 2-1-78   | 300,000,000     |
| Total Fiscal Year 1973 |        |             |           |                        |          | \$ 843,115,000  |
| 8-28-73                | 1978-B | 8.35        | 99.669    | 8.4325                 | 8-28-78  | \$ 300,000,000  |
| 11-27-73               | 1978-C | 7.30        | 99.686    | 7.376                  | 11-27-78 | 300,000,000     |
| 3- 7-74                | 1979-C | 7.0         | 99.90999  | 7.0217                 | 3- 7-79  | 400,000,000     |
| Total Fiscal Year 1974 |        |             |           |                        |          | \$1,000,000,000 |
| Total Debenture Sales  |        |             |           |                        |          | \$2,643,115,000 |



During the year, amounts paid to suppliers by foreign financial institutions, plus cash payments, principal repayments, and interest payments, contributed an estimated additional \$3.3 billion to the credit side of the United States balance of payments. Thus, Eximbank's total contribution in fiscal year 1974 is estimated at over \$4.6 billion.

The following is a five year summary of Eximbank's estimated contributions to the credit side of the United States balance of payments.

## FISCAL YEAR

|               | 1970  | 1971* | 1972* | 1973  | 1974  | Total  |
|---------------|-------|-------|-------|-------|-------|--------|
| (In Billions) |       |       |       |       |       |        |
| Inflow:       |       |       |       |       |       |        |
| Direct        | \$1.0 | \$1.2 | \$1.3 | \$1.6 | \$1.3 | \$6.4  |
| Indirect      | .9    | 1.1   | 1.7   | 2.2   | 3.3   | 9.2    |
| Totals        | \$1.9 | \$2.3 | \$3.0 | \$3.8 | \$4.6 | \$15.6 |

\*—Excludes the in-and-out effect of one billion Eurodollars borrowed in fiscal year 1971 and repaid in fiscal year 1972.

The summary on page 31 depicts Eximbank's favorable impact on the exporting community from its inception through June 30, 1974.

## ADVISORY COMMITTEE

The Advisory Committee to Eximbank met formally on August 3, 1973, and June 24, 1974, to review Eximbank's activities and advise on policy matters. Subjects of particular importance discussed during the meetings were methods of further improving Eximbank's operating procedures, the massive projects which lie ahead and how Eximbank can best assist in their financing, and the Bank's then-pending legislation.

The Board and Staff of Eximbank take this opportunity to record their thanks and appreciation for the advice and constructive criticism of all committee members.

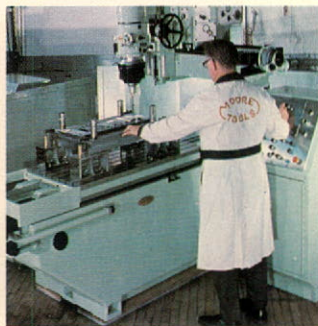
(See organization chart inserted at end of report)



Field Queen (Harvester)  
Hesston Corp.  
Hesston, Kan.



Forest Products  
Union Camp Corp.  
Wayne, N.J.



Precision Jig Grinder  
Moore Special Tool Co., Inc.  
Bridgeport, Conn.



Belt Loader  
Holland Loader Co.  
Billings, Mont.

## OPERATIONS OF EXIMBANK

Eximbank's operations conform generally to five main principles set forth in its basic legislation, the Export-Import Bank Act of 1945, as amended. These are:

- Loans are made for specific purposes, involving the export of goods and services of United States origin;
- Eximbank supplements and encourages private capital and endeavors not to compete with it;
- Loans and other financial assistance are authorized only when Eximbank finds that the transaction offers reasonable assurance of repayment and where there is convincing evidence that the purchase or contract will significantly add to the economic well-being of the borrower and the host country;
- Fees and premiums for guarantees and insurance are charged at rates commensurate with the risks covered; and
- In authorizing loans and other financial assistance Eximbank takes into account any possible adverse effects thereof upon the United States economy.

The basic forms of Eximbank participation in financing of exports—direct loans, discount loans, guarantees and insurance—are reinforced by almost a score of other programs. For example, Eximbank supports engineering, planning and feasibility studies by United States firms of major capital projects abroad; it guarantees leases of United States equipment if exports are involved; and it offers pre-shipment coverage to meet special exporter needs.

In accordance with the provisions of the Export-Import Bank Act of 1945, as amended, net earnings of Eximbank, after payment of interest and other expenses, are applied first to establish a reasonable reserve for possible losses, and second to pay dividends on its capital stock to the Treasury. As of June 30, 1974, this reserve stood at \$1.6 billion and dividends paid to the Treasury over the years totaled \$906 million.

## RECENT OPERATING HISTORY

During the five fiscal years 1970 through 1974, Eximbank authorized loans of \$16.8 billion, and \$8.5 billion



was disbursed during this same period. Insurance and guarantees issued during the period, including renewals of expiring coverage, averaged approximately \$3.5 billion per fiscal year for a five-year total of \$17.4 billion. At the close of the period, Eximbank's insurance and guarantee exposure totaled about \$8.1 billion.

Repayments of principal on loans during these five fiscal years totaled approximately \$5.4 billion.

During this period, gross earnings from interest, fees, and premiums aggregated \$1,818.5 million; interest and financial expense totaled \$1,127.2 million; and operating and other expenses were \$38.7 million, leaving \$628.1 million net income for the period available, after losses and write-offs of only \$24.5 million, for reserves and dividends. Of this amount \$378.1 million was added to Eximbank's retained income reserve, and \$250 million was paid in dividends to the United States Treasury.

Since its inception, Eximbank has authorized loans totaling \$34.6 billion with a total net write-off of only \$3.7 million, or 2/100ths of 1 percent of cumulative loan disbursements of \$22.3 billion. During this same period, Eximbank has guaranteed or insured some \$25.5 billion in credits with a total net loss, after recoveries, of only \$29.1 million, an insignificant 2/10ths of 1 percent of cumulative shipments.

At June 30, 1974, the total outstanding principal balance of loans receivable which were more than 30 days delinquent totaled \$67 million. Even if all of these loans were to go bad, which of course they won't, Eximbank's cumulative bad debt losses would still be only 3/10ths of one percent of total disbursements since inception.

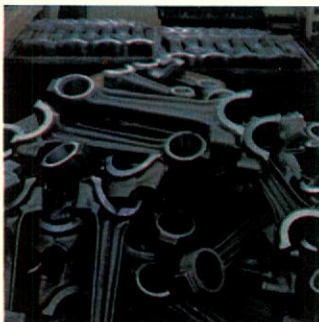
This outstanding collection record is due not only to careful analysis and back-up assurance of repayment but is largely due also to Eximbank's overall influence on the creditworthiness of any private or public buyer. And, of course, when circumstances warrant, Eximbank does revise repayment schedules on a reasonable basis.

A ten-year summary of the Bank's operations appears on page 42.

## CERTIFICATES OF AUDIT

The financial statements and related notes appearing on pages 32 through 37 have been audited by the General Accounting Office. The resulting opinion of the Comptroller General of the United States appears on page 38. The management of the Bank wishes again to express its appreciation to the Comptroller General and his staff for expediting the audit in order that his certification could be incorporated in this Report.

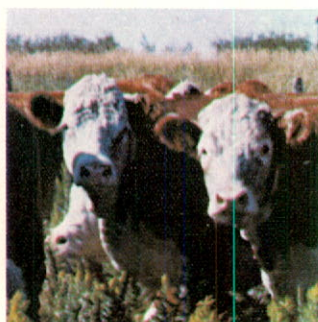
Eximbank's financial statements reflect its interest in the operations of the Foreign Credit Insurance Association (FCIA). FCIA's accounts as of June 30th have been audited by Coopers & Lybrand, Certified Public Accountants of New York. Their report certifies that FCIA's accounts properly reflect their transactions and financial position in accordance with the Reinsurance and Agency Agreement in force between FCIA and Eximbank.



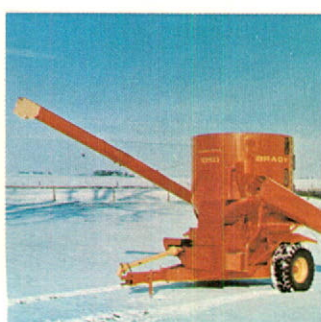
Diesel Engine Connecting Rods  
Cummins Engine Company  
Columbus, Indiana



7050 Tractor  
Allis-Chalmers  
Milwaukee, Wisc.



Simmental Cattle  
Thompson Exotic Ranch  
Towner, N.D.



Hydraulic Grinder-Mixer  
Brady Div., Koehring Co.  
Des Moines, Iowa





**EXIMBANK—SINCE 1934—A  
CONTINUOUS RECORD OF ASSISTANCE  
TO THE UNITED STATES EXPORTING  
COMMUNITY**

(In Millions)

| Fiscal Year | Gross Authorizations | Exports Supported | Contributions to the Credit side of the U.S. Balance of Payments | Gross Income | Net Income |
|-------------|----------------------|-------------------|--|--------------|------------|
| 1934-45     | \$1,269              | \$ 895            | \$ 250   | \$ 44        | \$ 43      |
| 1946        | 2,197                | 2,200             | 29   | 11           | 10         |
| 1947        | 279                  | 285               | 47   | 32           | 30         |
| 1948        | 466                  | 470               | 80   | 54           | 45         |
| 1949        | 174                  | 175               | 192  | 61           | 48         |
| 1950        | 406                  | 410               | 82   | 62           | 48         |
| 1951        | 395                  | 400               | 100  | 66           | 52         |
| 1952        | 551                  | 555               | 163  | 70           | 52         |
| 1953        | 571                  | 575               | 351  | 76           | 52         |
| 1954        | 250                  | 253               | 346  | 87           | 57         |
| 1955        | 632                  | 635               | 235  | 86           | 59         |
| 1956        | 235                  | 240               | 296  | 86           | 60         |
| 1957        | 1,067                | 1,070             | 348  | 85           | 61         |
| 1958        | 857                  | 876               | 409  | 101          | 67         |
| 1959        | 890                  | 895               | 392  | 128          | 85         |
| 1960        | 551                  | 555               | 800  | 134          | 86         |
| 1961        | 1,414                | 1,416             | 600  | 139          | 92         |
| 1962        | 1,862                | 1,865             | 650  | 167          | 106        |
| 1963        | 1,474                | 1,475             | 1,100  | 182          | 114        |
| 1964        | 1,743                | 1,750             | 1,400  | 182          | 120        |
| 1965        | 1,859                | 1,875             | 1,600  | 178          | 114        |
| 1966        | 2,142                | 2,145             | 1,500  | 179          | 114        |
| 1967        | 3,607                | 3,610             | 1,500  | 206          | 108        |
| 1968        | 3,534                | 3,652             | 1,700  | 242          | 114        |
| 1969        | 2,517                | 2,900             | 1,970  | 281          | 104        |
| 1970        | 3,968                | 5,455             | 1,874  | 320          | 111        |
| 1971        | 5,396                | 6,873             | 2,350 <sup>1</sup>   | 326          | 119        |
| 1972        | 7,230                | 9,500             | 3,064 <sup>1</sup>   | 346          | 148        |
| 1973        | 8,514                | 10,546            | 3,772  | 376          | 140        |
| 1974        | 9,100                | 12,759            | 4,584  | 450          | 110        |
| Totals      | \$65,150             | \$76,310          | \$31,784   |              |            |

<sup>1</sup>FY 1971 and FY 1972 have been adjusted to exclude the offsetting effect of the Bank's Eurodollar borrowings. The figures shown are the Bank's contribution from its regular operations.



# COMPARATIVE STATEMENT OF FINANCIAL CONDITION FISCAL YEARS 1974-1973

| ASSETS   | June 30, 1974           | June 30, 1973          |
|--|-------------------------|------------------------|
| <b>Cash:</b>   |                         |                        |
| In banks, in transit, and on hand . . . . .  | \$ 10,050,625           | \$ 7,220,362           |
| With U.S. Treasury . . . . .   | 11,007,865              | 210,004                |
|  | <u>\$ 21,058,490</u>    | <u>\$ 7,430,366</u>    |
| <b>Loans Receivable:</b>   |                         |                        |
| Outstanding loans and undisbursed authorizations . . . . .   | 15,242,277,599          | 12,364,696,717         |
| Less undisbursed balance of authorized loans . . . . .   | 7,331,745,921           | 5,778,851,183          |
| Outstanding loans receivable (Note 4) . . . . .  | 7,910,531,678           | 6,585,845,534          |
| Original agreements . . . . .  | 7,072,531,678           | 5,720,845,534          |
| Rescheduled loans (Note 5) . . . . .   | 745,000,000             | 467,000,000            |
| Delinquent loans (Note 6) . . . . .  | 93,000,000              | 398,000,000            |
| <b>Accrued Interest and Fees Receivable on Loans and Guarantees—includes \$14.6 million on delinquent loans at 6-30-74 and \$44.1 million at 6-30-73 . . . . .</b>                         | <b>124,596,720</b>      | <b>127,927,314</b>     |
| <b>Other Assets:</b>   |                         |                        |
| Due from Foreign Credit Insurance Association . . . . .  | 615,831                 | 649,119                |
| Due from Borrowers . . . . .   | 172,486                 | -0-                    |
| Miscellaneous . . . . .  | 3,862,000               | 233,763                |
|  | <u>4,650,317</u>        | <u>882,882</u>         |
| <b>Furniture and Equipment:</b>  |                         |                        |
| Less accumulated depreciation—1974, \$317,110; 1973, \$330,542 . . . . .   | 176,923                 | 201,548                |
| <b>Deferred Charges:</b>   |                         |                        |
| Unamortized balance of financial expense . . . . .   | 4,475,185               | 3,273,721              |
| <b>Total assets</b>  | <b>\$8,065,489,313</b>  | <b>\$6,725,561,365</b> |
| <b>LIABILITIES, CAPITAL, AND RESERVE</b>   |                         |                        |
|  | June 30, 1974           | June 30, 1973          |
| <b>Liabilities</b>   |                         |                        |
| Portfolio Participation Certificates payable (Note 7) . . . . .  | \$ 250,000,000          | \$ 577,014,005         |
| Debentures payable (Note 7) . . . . .  | 2,643,115,000           | 1,643,115,000          |
| Notes payable to U.S. Treasury (Notes 2, 7 & 8) . . . . .  | 2,456,902,275           | 1,887,664,594          |
| Dividends payable . . . . .  | 50,000,000              | 50,000,000             |
| Guaranteed letters of credit payable . . . . .   | 26,999,506              | 10,757,489             |
| Accrued interest payable . . . . .   | 60,349,405              | 39,057,664             |
| Deferred Income . . . . .  | 4,105,205               | 4,575,447              |
| Other . . . . .  | 11,044,037              | 10,713,866             |
| <b>Total Liabilities</b>   | <b>\$ 5,502,515,428</b> | <b>\$4,222,898,065</b> |
| <b>Capital and Reserve:</b>  |                         |                        |
| Capital stock held by U.S. Treasury (Notes 2 & 3) . . . . .  | 1,000,000,000           | 1,000,000,000          |
| Retained income reserve for contingencies and defaults - includes interest income on rescheduled loans \$133.8 million at 6-30-74 and \$82.8 million at 6-30-73 (Notes 1, 6 & 8) . . . . . | 1,562,973,885           | 1,502,663,300          |
| <b>Total capital and reserve</b>   | <b>2,562,973,885</b>    | <b>2,502,663,300</b>   |
| <b>Total Liabilities, Capital, and Reserve</b>   | <b>\$8,065,489,313</b>  | <b>\$6,725,561,365</b> |

The Notes to the Financial Statements on pages 34 through 37 are an integral part of this statement. See Note 3 for composition of the U.S. Government's investment in Eximbank.



# COMPARATIVE STATEMENT OF INCOME AND EXPENSE AND RETAINED INCOME RESERVE

|  | Fiscal Year Ended      |                        |
|--|------------------------|------------------------|
|  | June 30, 1974          | June 30, 1973          |
| <b>Income:</b>   |                        |                        |
| Interest and fees on loans . . . . .                           | \$ 424,726,128         | \$ 349,222,314         |
| Insurance premiums and guarantee fees . . . . .                | 8,720,921              | 7,644,714              |
| Other Income . . . . .   | 569                    | 1,202                  |
| Total Income . . . . .   | <u>433,447,618</u>     | <u>356,868,230</u>     |
| <b>Expenses:</b>   |                        |                        |
| Interest and other financial expense . . . . .                 | 325,289,385            | 215,227,569            |
| Administrative and other expenses . . . . .                    | 8,950,535              | 8,519,130              |
| Total Expenses . . . . .                                       | <u>334,239,920</u>     | <u>223,746,699</u>     |
| <b>Operating Income</b> . . . . .                              | 99,207,698             | 133,121,531            |
| Claims paid—net of recoveries . . . . .                        | (5,597,113)            | (12,484,464)           |
| Interest income on rescheduled loans . . . . .                 | 16,700,000             | 19,100,000             |
| <b>Net Income</b> . . . . .                                    | 110,310,585            | 139,737,067            |
| Less: Dividend declared on capital stock (Note 3) . . . . .    | 50,000,000             | 50,000,000             |
| Addition to Retained Income Reserve (Notes 1, 6 & 8) . . . . . | 60,310,585             | 89,737,067             |
| <b>Retained Income Reserve:</b>                                |                        |                        |
| Balance at beginning of fiscal year (Notes 1, 6 & 8) . . . . . | 1,502,663,300          | 1,412,926,233          |
| Balance at End of Fiscal Year . . . . .                        | <u>\$1,562,973,885</u> | <u>\$1,502,663,300</u> |

## COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

|  | June 30, 1974          | June 30, 1973          |
|--|------------------------|------------------------|
| <b>Funds Provided:</b>   |                        |                        |
| Net Income from operations . . . . .   | \$ 110,310,585         | \$ 139,737,067         |
| Add depreciation expense for the year . . . . .  | 37,863                 | 45,738                 |
| Funds provided by operations . . . . .   | 110,348,448            | 139,782,805            |
| Sales of debentures (Note 7) . . . . .   | 1,000,000,000          | 843,115,000            |
| Repayments and other credits to loans receivable . . . . .   | 1,188,285,472          | 1,128,698,073          |
| Sales of individual loan maturities . . . . .  | 25,459,526             | 144,479,282            |
| Borrowings from U.S. Treasury—Net . . . . .  | 569,237,681            | 144,233,541            |
| Other—Net . . . . .  | 22,114,020             | (5,873,991)            |
| Total Funds Provided . . . . .   | <u>\$2,915,445,147</u> | <u>\$2,394,434,710</u> |
| <b>Funds Applied:</b>  |                        |                        |
| Payment of dividend to U.S. Treasury . . . . .   | \$ 50,000,000          | \$ 50,000,000          |
| Disbursements and other additions to loans, including capitalized interest—1974, \$51,067,064; 1973, \$3,246,395 . . . . . | 2,538,431,142          | 1,902,793,798          |
| Repayments on Portfolio Participation Certificates . . . . .   | 327,014,005            | 41,640,912             |
| Redemptions of debentures . . . . .  | -0-                    | 400,000,000            |
| Total Funds Applied . . . . .  | <u>\$2,915,445,147</u> | <u>\$2,394,434,710</u> |

The Notes to the Financial Statements on pages 34 through 37 are an integral part of these statements.



## NOTES FOR THE FINANCIAL STATEMENTS JUNE 30, 1974

### Note 1

#### Enabling Legislation and Basic Accounting Principles

Eximbank is an autonomous agency within the Executive Branch of the Federal Government; its operations are governed primarily by the Export-Import Bank Act of 1945, as amended, and also, by the Government Corporation Control Act.

Section 2(c) (1) of the Export-Import Bank Act of 1945, as amended, calls for the establishment of "fractional reserves" of not less than 25 percent of the Bank's contractual liability on outstanding guarantees and insurance. The General Accounting Office believes this Section requires a specific reserve, which reserve at June 30, 1974, would have been \$1.9 billion. GAO further believes that Eximbank's retained income reserve of \$1.6 billion plus its authority to borrow up to \$6 billion from the U.S. Treasury satisfies this requirement.

The Bank, however, believes that Section 2(c) (1) does not require setting up a specific 25 percent reserve but only requires that the Bank charge its overall lending, guarantee and insurance authority for no less than 25 percent of its contractual liability on outstanding guarantees and insurance. It is contemplated that this issue will be resolved by Congressional action in the near future.

In March 1974 the GAO rendered an opinion that credits involving Communist countries require a separate determination of national interest by the President for each transaction. Opinions of the Attorney General and Eximbank's General Counsel concluded that the Bank has acted lawfully in following a practice of securing determinations by the President on a country-by-country basis and in notifying the Congress of these determinations and their application to particular transactions. Eximbank is relying on the opinions of the

Attorney General and its General Counsel pending possible Congressional resolution of this matter.

Eximbank's accounting records are maintained on an accrual basis with the exception of losses on defaulted loans and the payment of claims against Eximbank's outstanding guarantees or insurance policies, which claims are recorded on the cash basis, i.e., at the time they are actually paid. (As discussed in Note 6, Eximbank considers its entire retained earnings of \$1.6 billion to be a reserve against possible losses from claims or defaults.) Included in the accrual basis is the practice of accruing interest on loans receivable until such time that Eximbank determines on a case-by-case basis that a particular delinquent loan should be made nonaccruing.

### Note 2

#### Basic Authority to Lend, Guarantee or Insure and to Borrow from the U.S. Treasury

Eximbank's authority to borrow from the U.S. Treasury is limited to \$6 billion outstanding at any one time, and the authority to lend, guarantee, or insure is limited to \$20 billion. Of this latter amount, up to \$10 billion of outstanding guarantees and insurance may be charged against said \$20 billion lending authority at 25 percent of the contractual liability assumed. Thus, Eximbank's total exposure could go as high as \$27.5 billion.

At June 30, 1974, the committed and uncommitted authority to lend, guarantee, and insure was as follows:

|                        | Charged Against<br>\$10 billion<br>Limitation | Charged Against<br>\$20 billion<br>Limitation |
|------------------------|---|---|
| Loans                  | \$ 51,176,849                                 | \$15,734,672,179                              |
| Guarantees             | 4,515,361,034                                 | 1,128,840,258                                 |
| Insurance              | 3,548,683,231                                 | 887,170,808                                   |
| <b>Total Committed</b> | <b>\$ 8,115,221,114</b>                       | <b>\$17,750,683,245</b>                       |
| Uncommitted            | 1,884,778,886                                 | 2,249,316,755                                 |
| <b>Total Authority</b> | <b>\$10,000,000,000</b>                       | <b>\$20,000,000,000</b>                       |



### Note 3

#### U.S. Government Investment in Eximbank

The investment of the U.S. Government in Eximbank is comprised of the following:

|                                     | June 30, 1974          | June 30, 1973          |
|-------------------------------------|------------------------|------------------------|
| Notes payable to U.S. Treasury      | \$2,456,902,275        | \$1,887,664,594        |
| Capital Stock Held by U.S. Treasury | 1,000,000,000          | 1,000,000,000          |
| Dividend Payable                    | 50,000,000             | 50,000,000             |
| Retained Income Reserve (Note 6)    | 1,562,973,885          | 1,502,663,300          |
| <b>Total Investment</b>             | <b>\$5,069,876,160</b> | <b>\$4,440,327,894</b> |

A dividend of \$50 million was declared on June 26 and was paid on August 28, 1974.

### Note 4

#### Loans Receivable

All but \$155 million of Eximbank's total assets at June 30, 1974, that is 98 percent, consisted of outstanding balances receivable on loans authorized over the years, which are summarized as follows:

| (Dollar Amounts in Millions) |                 |                     |                              |                            |  |  |
|------------------------------|-----------------|---------------------|------------------------------|----------------------------|--|--|
|                              | Number of loans | Number of countries | Amount originally authorized | Amount outstanding 6-30-74 | Weighted average term originally authorized (in years) | Weighted average term outstanding 6-30-74 (in years) |
| Regular loans                | 1,118           | 106                 | \$15,249.7                   | \$7,181.3                  | 13.4   | 7.6  |
| CFF and relending loans      | 1,587           | 50                  | 336.6                        | 175.4                      | 6.6  | 3.8  |
| Discount loans               | 1,258           | 84                  | 744.8                        | 553.8                      | 4.1  | 3.1  |
|                              | <b>3,963</b>    | <b>121 *</b>        | <b>\$16,331.1</b>            | <b>\$7,910.5</b>           | <b>12.8</b>  | <b>7.2</b>   |

\*Duplications between programs eliminated

Over 60 percent of these outstanding loans receivable as of June 30, 1974, are due within the next five years, as indicated in the maturity schedule of outstanding loans receivable shown below:

| (Dollar Amounts in Millions) |                  |                  |                            |                  |                  |
|------------------------------|------------------|------------------|----------------------------|------------------|------------------|
| June 30, 1974                |                  |                  | June 30, 1973              |                  |                  |
| Fiscal Years of Maturities   | Amount           | Percent of Total | Fiscal Years of Maturities | Amount           | Percent of Total |
| 1975                         | \$1,203.2        | 15.2             | 1974                       | \$1,037.2        | 15.8             |
| 1976                         | 922.5            | 11.6             | 1975                       | 860.0            | 13.0             |
| 1977                         | 893.5            | 11.3             | 1976                       | 812.5            | 12.3             |
| 1978                         | 940.4            | 11.9             | 1977                       | 769.0            | 11.7             |
| 1979                         | 884.9            | 11.2             | 1978                       | 708.0            | 10.8             |
|                              | <b>\$4,844.5</b> | <b>61.2</b>      |                            | <b>\$4,186.7</b> | <b>63.6</b>      |
| 1980-99                      | 3,066.0          | 38.8             | 1979-99                    | 2,399.1          | 36.4             |
|                              | <b>\$7,910.5</b> | <b>100.0</b>     |                            | <b>\$6,585.8</b> | <b>100.0</b>     |

In addition to these outstanding balances of \$7.9 billion, \$7.3 billion of loans have been authorized and committed by Eximbank which have not yet been disbursed. Draw-downs under said commitments are almost solely the prerogative of the borrower and their timing is frequently different from that originally anticipated because of late deliveries, construction delays,



etc. Accordingly, estimates by time period of such disbursements need to be updated on a continuing basis and for this reason Eximbank does not include herein any such estimates; however, a typical project loan is disbursed, on the average, over a 2½ to 3 year period. Thus, as the Bank's lending activity continues to grow, it will continue to be a net borrower of funds.

## Note 5

### Rescheduled Loans

The "Rescheduled loans" figures for fiscal year 1974 of \$745 million and \$467 million for fiscal year 1973 represent the outstanding balances of the loans rescheduled even though in certain cases only a portion of that balance has actually matured and been rescheduled. For instance, in the case of Chile the amount of loans rescheduled at June 30, 1974, is \$332 million. However, the maturities rescheduled at June 30, 1974, totaled only \$173 million.

Through fiscal year 1974 Eximbank received payments from Chile of \$55.6 million under the reschedulings.

## Note 6

### Contingencies, Claims and Defaults

*Contingencies.* Because of the unpredictable nature of future economic and political conditions throughout the world, the possible risk of loss on Eximbank's loans, guarantees, and insurance is not susceptible to accurate measurement. Thus, Eximbank's entire retained net income is reserved for contingencies such as defaults under the loan programs and claims under the guarantee and insurance programs.

This reserve of \$1.6 billion exceeds (1) the total outstanding balances of both principal and interest on delinquent loans (see above), plus (2) Eximbank's total remaining exposure in any countries experiencing across-the-board problems in meeting their U.S. dollar obligations.

Accordingly, Eximbank's management believes it is adequately reserved against contingencies.

*Delinquent Loans.* Loans with delinquent installments of 30 days or more at June 30, 1974, are summarized in millions of dollars as follows:

| Country          | Number of Loans | Oldest Past due Installment | Total Outstanding Principal | Delinquent Installments |          |        |
|------------------|-----------------|-----------------------------|-----------------------------|-------------------------|----------|--------|
|                  |                 |                             |                             | Principal               | Interest | Total  |
| Cuba             | 5               | 1958                        | \$36.3                      | \$31.1                  | \$27.2   | \$58.3 |
| Mexico (Private) | 1               | 1970                        | 1.1                         | 1.1                     | .2       | 1.3    |
| Other            | 13              | 1966                        | 29.6                        | .7                      | .8       | 1.5    |
| Totals           | 19              |                             | \$67.0                      | \$32.9                  | \$28.2   | \$61.1 |

In addition, by agreement, the Republic of China is not at this time being called upon to make payments on that portion of four loans made to the Republic of China prior to 1947, when the seat of the government was on the mainland, which relate to assets no longer under the government's control. The total outstanding principal of this portion of these loans was \$26.4 million at June 30, 1974; on that date \$44.2 million (\$24.4 million principal plus \$19.8 million interest) was matured and outstanding, the oldest past due installment having matured in 1949.

Eximbank did not write-off any loans in FY 1974 or in FY 1973. Since inception, Eximbank has written off only \$3.7 million of loans, i.e., less than 2/100ths of 1 percent of cumulative loan disbursements.

*Claims.* In fiscal 1974, Eximbank paid claims under its guarantee and insurance programs of \$5.6 million, a 55 percent decrease from the \$12.5 million paid in FY 1973. Most of the claims in both these years resulted from commercial bank loans made in previous years, with Eximbank's guarantee, in support of medium- and short-term exports to Chile.

Since inception, Eximbank has paid guarantee and insurance claims, net of subsequent recoveries, of only \$29.1 million, less than 2/10ths of 1 percent of cumulative shipments covered under such programs.



## Note 7

### Funding of Operations

Eximbank does not receive any appropriated funds or other tax revenues. Instead, Eximbank funds its operations by borrowing as needed from the U.S. Treasury on a daily basis (much like a commercial bank buys or sells money in the Federal Funds market) and then repays these Treasury borrowings from receipts from its operations and the proceeds of private market borrowings (issued throughout the year, more or less quarterly).

The rate charged Eximbank by the Treasury for such daily borrowings is set each week based upon the rate Treasury has to pay that week on 182-day bills. During FY 1974 this rate to Eximbank ranged from 7.08 percent to 9.57 percent, and averaged 8.38 percent. (See also Note 8.)

Eximbank's inflow of funds from the private market is generally provided by the sale of debentures which are marketed by underwriting syndicates selected via competitive bids. Funds from private sources during fiscal year 1974 were as follows:

|                                   | Date<br>of Issue | Maturity<br>Date | Amount                 | Coupon<br>Rate | Cost to<br>Eximbank |
|-----------------------------------|------------------|------------------|------------------------|----------------|---------------------|
| <b>Debentures:</b>                |                  |                  |                        |                |                     |
| 1978-B                            | 8-28-73          | 8-28-78          | \$300,000,000          | 8.35           | 8.43                |
| 1978-C                            | 11-27-73         | 11-27-78         | 300,000,000            | 7.30           | 7.37                |
| 1979-C                            | 3-07-74          | 3-07-79          | 400,000,000            | 7.0            | 7.02                |
| <b>Subtotal</b>                   |                  |                  | 1,000,000,000          |                |                     |
| <b>Sales of loans<br/>(CBI's)</b> |                  |                  |                        |                |                     |
|                                   |                  |                  | 25,459,526             |                |                     |
| <b>Total Sales<br/>FY 1974</b>    |                  |                  | <u>\$1,025,459,526</u> |                |                     |

## Note 8

### Interest Charges on Certain Borrowings from Treasury

The interest and other financial expenses reported by Eximbank include interest charges on certain borrowings (\$192 million at June 30, 1974) from the U.S. Treasury at rates lower than the rate prevailing at the time the funds were borrowed.

These low-interest borrowings from the Treasury are tied-in directly to the rate, term, and outstanding balances of certain concessionary loans the Bank had made in the national interest. Because the interest rates on these loans are less than the Treasury's cost of borrowing, the Treasury is absorbing the difference. Had the Treasury charged Eximbank interest rates approximating the full cost of funds, the Bank's interest and other financial expenses would have been increased by about \$4.9 million and \$7.9 million in fiscal year 1974 and 1973, respectively, and the net income from operations for these years would have been correspondingly reduced.

## Note 9

### Commitments and Contingent Liabilities

The contingent liabilities of Eximbank are summarized below in millions of dollars as of June 30:

|  | 1974                    | 1973                    |
|--|-------------------------|-------------------------|
| Loan maturities sold subject to<br>contingent repurchase |                         |                         |
| commitments . . . . .                                    | \$ 530.8                | \$ 535.9                |
| Guarantees . . . . .                                     | 4,515.4                 | 4,040.0                 |
| FCIA Insurance . . . . .                                 | 3,021.5                 | 2,835.8                 |
| <b>Total contingent liabilities . .</b>                  | <u><u>\$8,067.7</u></u> | <u><u>\$7,411.7</u></u> |

In addition to the above contingent liabilities, Eximbank had outstanding as of June 30, 1974, \$7.3 billion of authorized loan commitments which had not yet been disbursed (\$5.8 billion at June 30, 1973).





COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-114823

September 27, 1974

To The Board of Directors  
Export-Import Bank of the United States

We have examined the statement of financial condition of the Export-Import Bank of the United States (Eximbank) as of June 30, 1974, and the related statement of income and expense and retained income reserve and the statement of changes in financial position for the year then ended. This examination, pursuant to the Government Corporation Control Act (31 U.S.C. 841), was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We disagree with Eximbank on interpretations of its enabling legislation involving (1) a requirement for establishing fractional reserves covering outstanding guarantees and insurance and (2) Presidential determinations for loans to Communist countries. Our views and those of Eximbank are set forth in note 1 to the financial statements.

For the past 2 years, Eximbank's income has declined, thus reducing additions to its retained income reserve for contingencies and defaults. At the same time, its expansion of loans outstanding and contingent liabilities has increased the potential for incurring future losses. The decline in income has been caused primarily by the need to borrow funds to make disbursements on loan commitments at interest costs which exceeded the lending rate. Note 4 to the financial statements explains that, as lending activity continues to grow, Eximbank will continue to be a net borrower of funds.

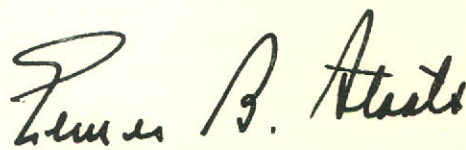
Because of these factors, as well as the unpredictability of future losses (see note 6 to the financial statements), we are not able to express an opinion on the adequacy of Eximbank's retained income reserve for contingencies and defaults.



B-114823

The contingent liabilities reported by Eximbank as loan maturities sold subject to contingent repurchase commitments include participations in specific loans, in support of which Eximbank issued instruments called certificates of beneficial interest. The buyers of these instruments are not free to dispose of them except as permitted by Eximbank which also assumes fully the risk of default. Accordingly, we believe that such instruments should be considered as borrowing or financing transactions which, if so handled on Eximbank's financial statements, would increase Eximbank's total assets and liabilities by about \$513 million as of June 30, 1974.

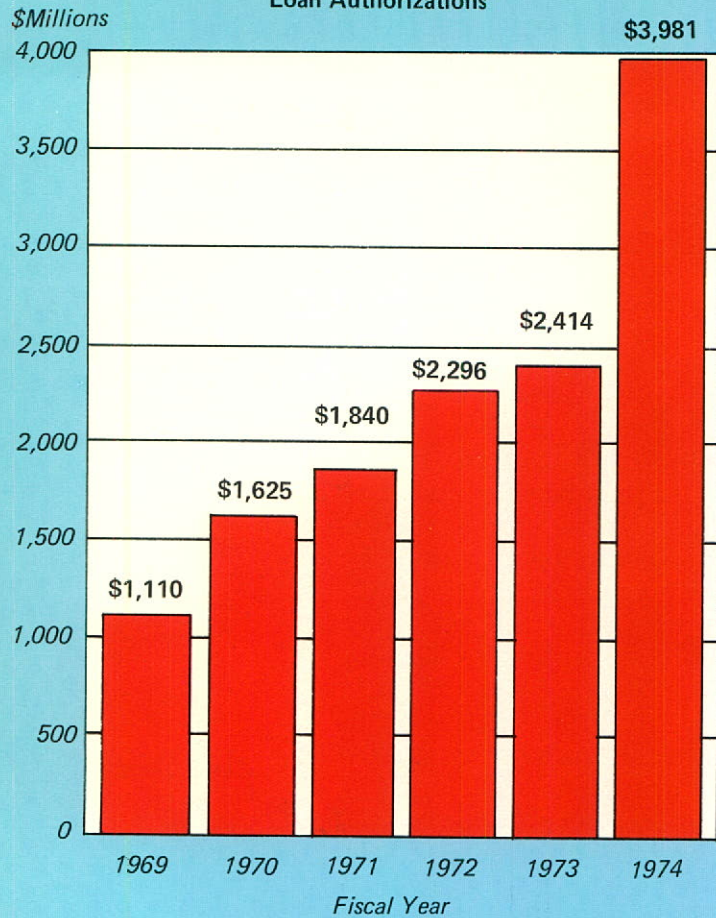
Except for the amount reserved for contingencies and defaults and the manner in which certificates of beneficial interest are accounted for as described in the two preceding paragraphs, the accompanying financial statements, in our opinion, present fairly the financial position of Eximbank at June 30, 1974, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



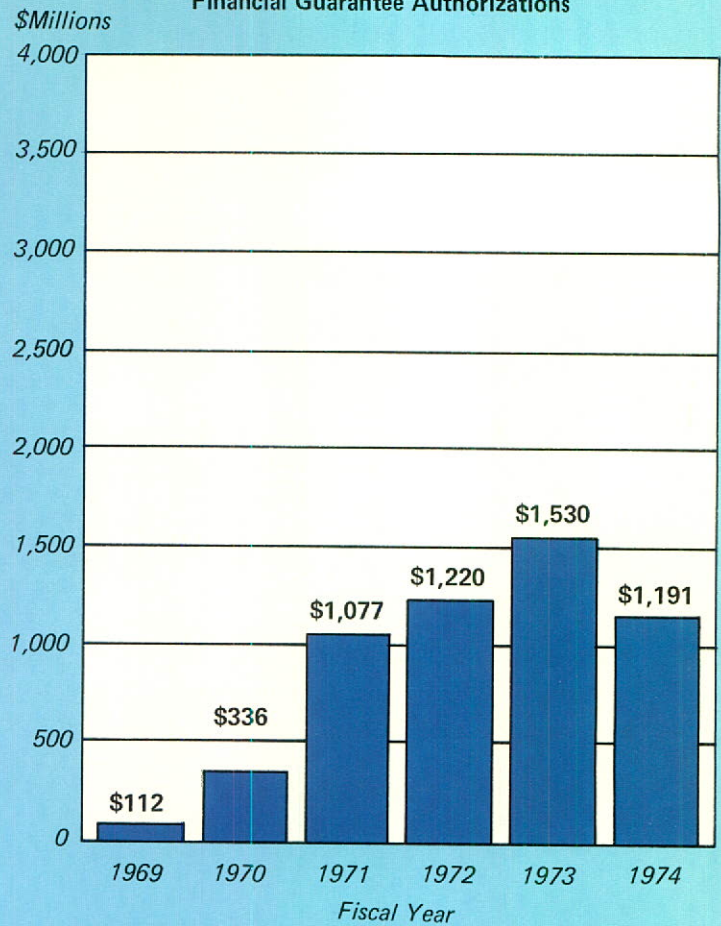
Comptroller General  
of the United States



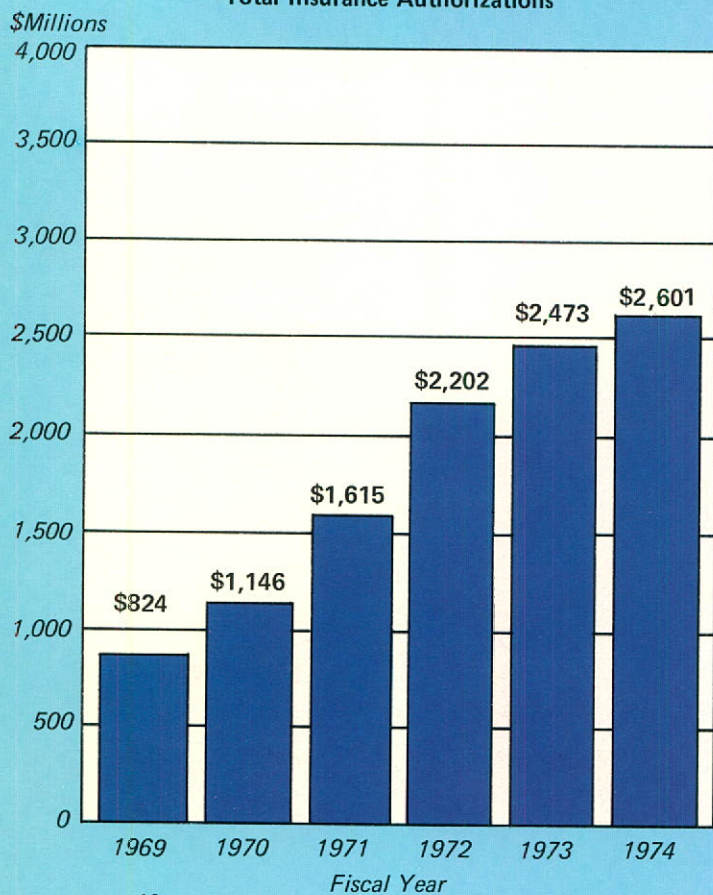
**Loan Authorizations**



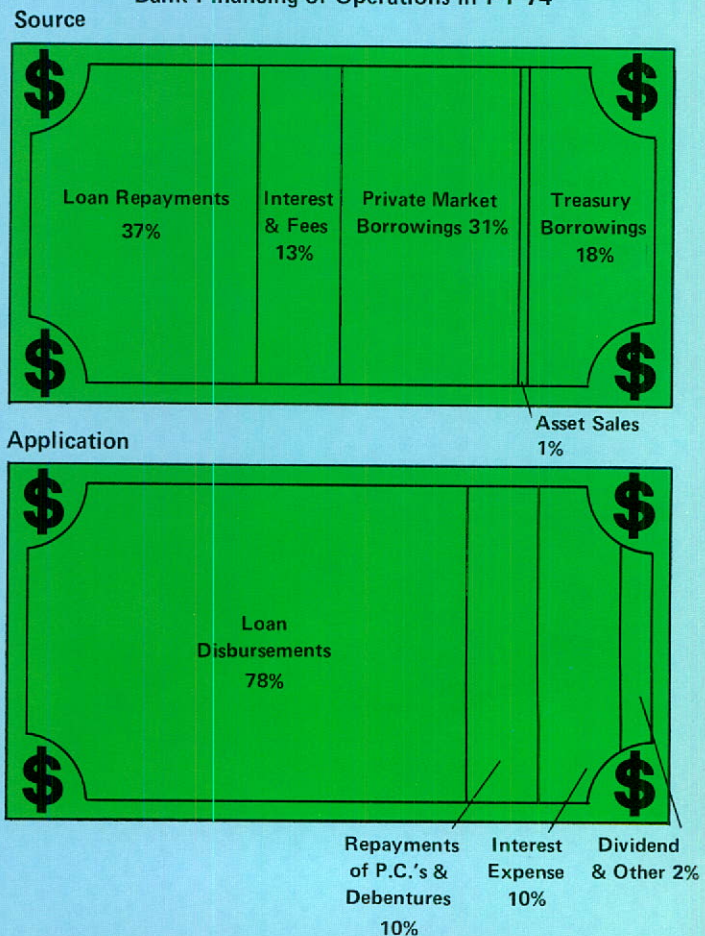
**Financial Guarantee Authorizations**



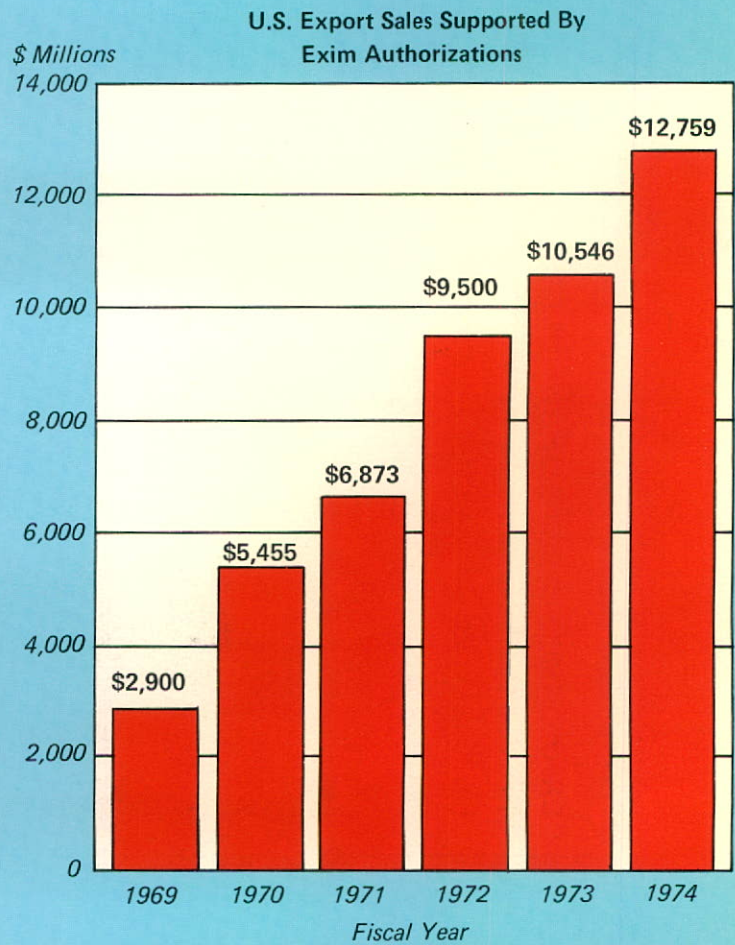
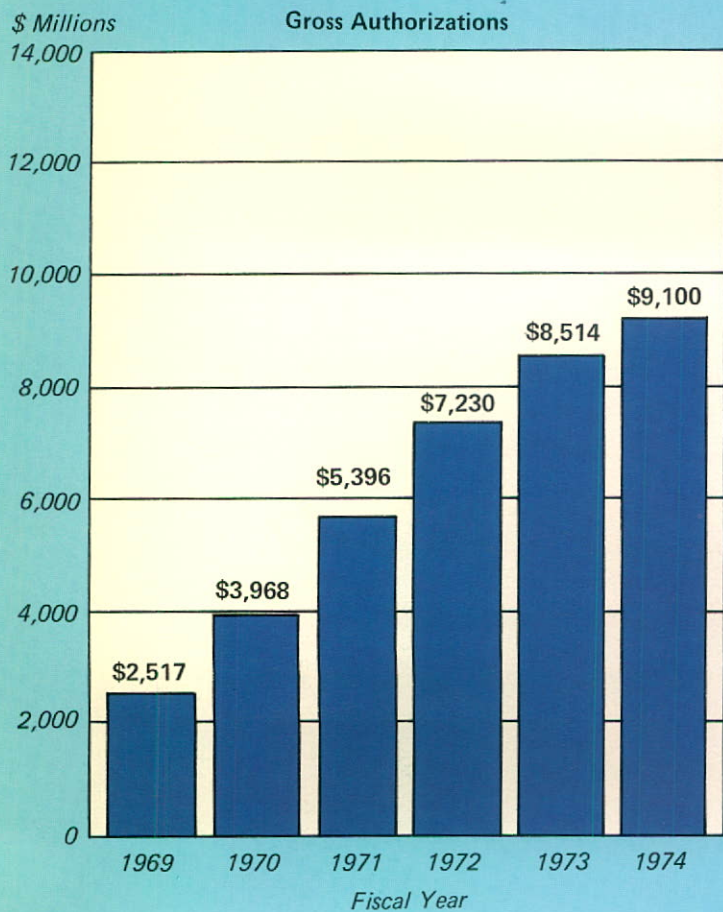
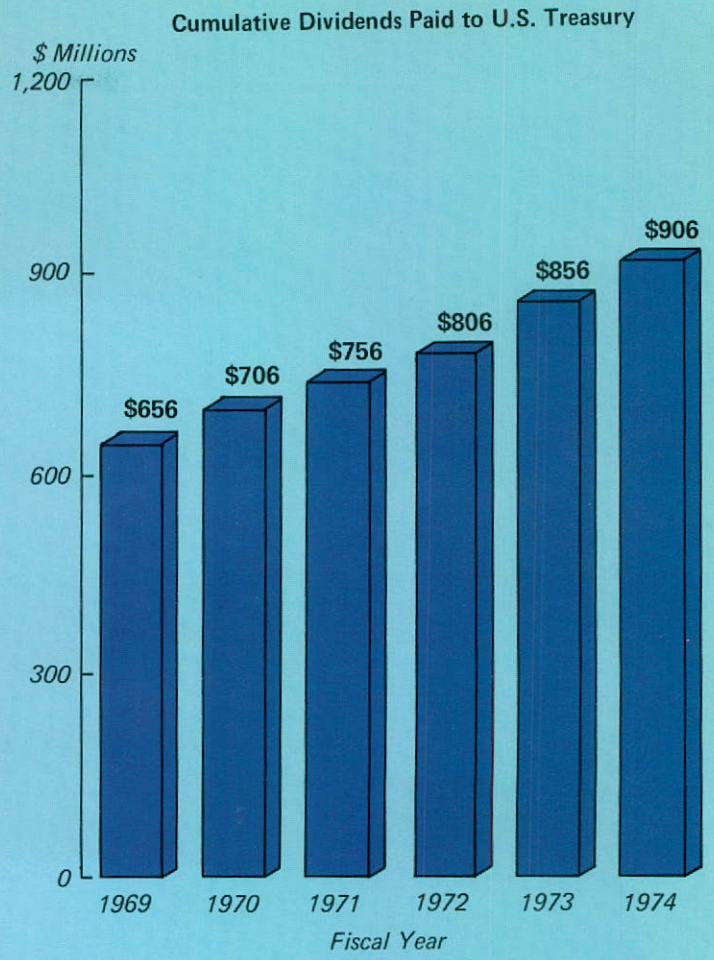
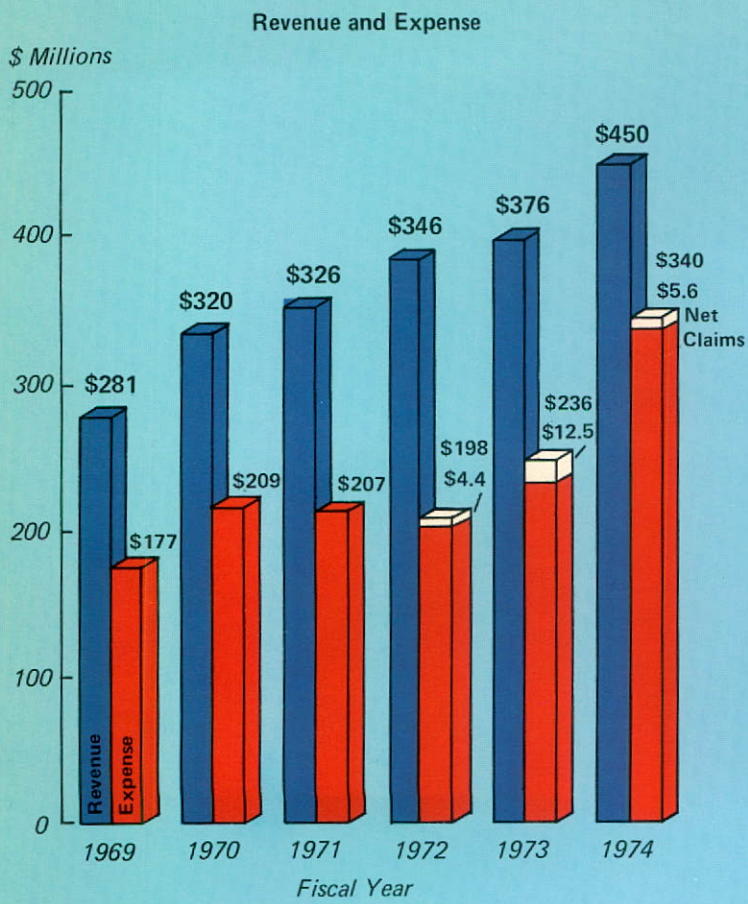
**Total Insurance Authorizations**



**Bank Financing of Operations in FY 74**









# EXPORT-IMPORT BANK OF THE UNITED STATES

## 10 Years Operating Summary

(In Millions of Dollars Except for Number of Employees)

|                                   | FY 1974   | FY 1973   | FY 1972  | FY 1971  | FY 1970  | FY 1969  | FY 1968  | FY 1967  | FY 1966  | FY 1965  |
|-----------------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>For the Year:</b>              |           |           |          |          |          |          |          |          |          |          |
| Gross Income                      | \$ 450.1* | \$ 375.9* | \$ 346.1 | \$ 326.3 | \$ 320.1 | \$ 281.1 | \$ 241.6 | \$ 205.9 | \$ 178.6 | \$ 177.8 |
| Expenses                          | 334.2     | 223.7     | 193.8    | 204.8    | 209.4    | 177.3    | 126.3    | 95.9     | 63.4     | 63.3     |
| Operating Income                  | 115.9*    | 152.2*    | 152.3    | 121.5    | 110.7    | 103.8    | 115.3    | 110.0    | 115.2    | 114.5    |
| Claims and Defaults (net)         | 5.6       | 12.5      | 4.4      | 2.0      | *        | (.2)     | 1.2      | 1.5      | 1.0      | .8       |
| Net Income                        | 110.3     | 139.7     | 147.9    | 119.5    | 110.7    | 104.0    | 114.1    | 108.5    | 114.2    | 113.7    |
| Dividends Paid                    | 50.0      | 50.0      | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     | 50.0     |
| Contribution to Retained Earnings | 60.3      | 89.7      | 97.9     | 69.5     | 60.7     | 54.0     | 64.1     | 58.5     | 64.2     | 63.7     |
| Borrowings from Treasury—Net      | 569.2     | 144.2     | 960.0    | (803.0)  | 866.3    | 358.6    | 361.6    | (177.8)  | (335.3)  | (316.9)  |
| Borrowings from others—Net        | 673.0     | 401.5     | (806.2)  | 732.1    | (579.3)  | (98.4)   | 407.0    | 778.6    | 362.7    | 195.5    |

\*Includes interest income on rescheduled loans.

### At year end:

|                                    |            |            |            |           |           |           |           |           |           |           |
|------------------------------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loans Committed                    | \$15,242.3 | \$12,364.7 | \$10,523.9 | \$9,185.9 | \$8,690.4 | \$7,883.8 | \$8,518.8 | \$6,983.4 | \$5,488.4 | \$5,332.3 |
| Loans Undisbursed                  | 7,331.8    | 5,778.9    | 4,567.7    | 3,521.2   | 2,976.6   | 2,462.3   | 3,460.2   | 2,832.0   | 1,876.6   | 1,820.4   |
| Loans Outstanding                  | 7,910.5    | 6,585.8    | 5,956.2    | 5,664.7   | 5,713.8   | 5,421.5   | 5,058.6   | 4,151.4   | 3,611.8   | 3,511.9   |
| Total Assets                       | 8,065.5    | 6,725.6    | 6,065.1    | 5,825.6   | 5,816.1   | 5,495.6   | 5,184.3   | 4,331.6   | 3,662.3   | 3,565.4   |
| Treasury Notes payable             | 2,456.9    | 1,887.7    | 1,743.4    | 783.5     | 1,586.4   | 720.2     | 361.6     | -0-       | 177.8     | 513.1     |
| Debentures Payable                 | 2,643.1    | 1,643.1    | 1,200.0    | 400.0     | 400.0     | 400.0     | -0-       | -0-       | -0-       | -0-       |
| Short-term notes payable           | -0-        | -0-        | -0-        | 1,000.0   | -0-       | 258.1     | 387.5     | -0-       | -0-       | -0-       |
| Participation Certificates payable | 250.0      | 577.0      | 618.7      | 1,224.9   | 1,492.8   | 1,814.0   | 2,183.1   | 2,163.6   | 1,385.0   | 1,022.3   |
| Total Liabilities                  | 5,502.5    | 4,222.9    | 3,652.2    | 3,510.5   | 3,570.6   | 3,310.8   | 3,053.5   | 2,264.9   | 1,654.2   | 1,621.4   |
| Capital Stock                      | 1,000.0    | 1,000.0    | 1,000.0    | 1,000.0   | 1,000.0   | 1,000.0   | 1,000.0   | 1,000.0   | 1,000.0   | 1,000.0   |
| Retained Earnings                  | 1,563.0    | 1,502.7    | 1,412.9    | 1,315.1   | 1,245.5   | 1,184.8   | 1,130.8   | 1,066.7   | 1,008.1   | 943.9     |
| Contingent Liabilities             | 8,067.6    | 7,411.7    | 5,958.2    | 4,168.6   | 2,578.3   | 1,884.1   | 1,309.5   | 1,352.2   | 1,334.3   | 1,174.6   |
| Employees                          | 399        | 390        | 383        | 371       | 354       | 320       | 319       | 306       | 297       | 293       |

\* Less than \$500 thousand







