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August 19, 1974

MEMORANDUM OF ASHLEY MEETING

In attendance: Mr. Ashley
Mr. Jasinski
Mr. Casey
Mr. Minikes
Mr. Corette

Ashley believes that the most important element is to use key people to help against and for amendments. The following people were decided in favor of Eximbank's position on each of the following amendments:

1. Bank Out of the Budget

Ashley will make motion supporting.

Those in favor of motion will include Ullman, Bolling, Cederberg, Passman and Mills.

2. Eximbank Interest Rate Amendment

Derwinski will introduce Eximbank amendment as substitute for Blackburn Amendment.

Supporting members will be Waggoner, Rees, Rostenkowski, Blatnik, McFall and maybe Brademas.

3. The Dent Amendment

Opposition will be headed by Conable.

Supported by Hanna and Frenzel.

4. Ichord Amendment -- Submit all transactions to the U.S.S.R. sixty days before final approval with Congressional disapproval by either House.

Opposition will be headed by Zablocki.

Supported by Whalen, Mahon, Hanna, Frenzel, Garry Brown.

5. Rousselot Amendment (Jackson-Vanik)

Koch and Vanik will carry opposition.

6. ATA Amendment

Rees, Frenzel and Adams.

7. Congressional Review Amendment.

Will be handled by same group heading opposition on Ichord Amendment.

GENERAL DEBATE

Ashley will lead Majority. Be sure Widnall leads Minority, or gives it to Johnson or Stanton.

Majority Table

Ashley, Rees, Hanna, Mitchell, and A. Young

Minority Table

Stanton, G. Brown, Frenzel, Johnson, McKinney

Additional people in general debate: Guyer, Cederberg, Frelinghuysen, and possibly Joe Waggonner.

To cover doors: Republicans: Brown (head), with Frenzel, McKinney, Anderson. Frenzel will get Republican whips.

Democrats: Rees, Young, Hanna, Mitchell, Annunzio, Waggonner, Passman.

MISCELLANEOUS

John Anderson will briefly state his views on each amendment supporting Eximbank position.

J. E. Corette III
General Counsel

POSSIBLE AMENDMENTS TO HR 15977
AND RELATED EXIMBANK POSITIONS

A. Amendments affecting business with Communist countries.

1. Amendments that would require Congressional approval of transactions.
 - a. An amendment that would require all transactions to the USSR to be submitted to the Congress for approval 60 days before final Eximbank approval. The procedures of the Legislative Reorganization Act would be used, with disapproval by resolution of either House sufficient to result in disapproval of the transaction.
 - b. An amendment that would require Congressional approval for any transaction with Communist countries.

EXIMBANK POSITION: Eximbank is opposed to this amendment as Congressional review of individual transactions is unnecessary and would seriously hamper the Bank's ability to perform its statutory functions. Congress already exercises adequate supervision over the Bank's activities by framing its mandate and limiting the Bank's authority to make commitments each year, as well as through other limitations. Requiring submission of transactions to Congress for approval will cause delays and otherwise place U.S. suppliers at a severe disadvantage since no credit agency in Europe or Japan is required to submit specific transactions to its legislature for concurrence. Many foreign buyers will stay away from the United States to avoid debate of their particular project on the floor of the U.S. Congress.

2. An amendment that would prevent Eximbank from doing business with any country denying freedom of emigration.

EXIMBANK POSITION: Eximbank is opposed to this amendment. HR 15977 currently contains a provision that prevents Eximbank from doing business with the USSR until such time as the Senate takes action on the Trade Reform Act. While Eximbank does not object to the inclusion of this provision in the House bill, it is inappropriate to link Eximbank financing to the resolution of the issue of freedom of emigration. We should not prevent U.S. sellers from participating in this large new market. If U.S. products are not available on acceptable terms, then purchasers will simply look to Japanese or European sources.

3. An amendment that would make Eximbank financing to the USSR contingent upon a successful outcome to Salt II.

EXIMBANK POSITION: Eximbank is opposed to this amendment. The conduct of Salt II falls within the province of the Departments of State and Defense and not within that of Eximbank.

4. An amendment that would prevent Eximbank from doing business with the USSR until it joins the International Monetary Fund.

EXIMBANK POSITION: Eximbank is opposed to this amendment which is based upon two misconceptions. First, while the ruble would become a convertible currency as a result of Soviet membership in the IMF, Eximbank makes disbursements and is repaid in dollars under credits extended to the USSR as well as to any other borrower. Second, although the USSR would be required to provide more financial information as a condition to joining the IMF, the Bank has been able to obtain adequate information to enable it to draw conclusions as to the creditworthiness of the USSR.

5. An amendment that would prevent Eximbank from financing transactions involving the sale of equipment with military potential to Communist countries.

EXIMBANK POSITION: Eximbank is opposed to this amendment as a similar provision is contained within pending export control legislation. That Act is the proper place for discussion of this proposal.

6. An amendment that would prevent Eximbank from doing business with any Communist country unless such country allows sale of consumer goods produced by U.S. concerns to private citizens of such country.

EXIMBANK POSITION: While the purpose of this amendment is unclear, it would seem to constitute interference in the domestic affairs of another country, and Eximbank is opposed to it.

7. An amendment that would prohibit any U.S. government agency from financing the export of goods or services to be used for energy research, development or exploration in the USSR.

EXIMBANK POSITION: Eximbank is opposed to such a blanket prohibition. With regard to energy-related transactions, as well as for all other Eximbank financed transactions, each case should be examined on its facts to ascertain the potential risks and benefits to the United States.

8. An amendment that would require Eximbank to provide financing to Communist countries at a rate not less than comparable Treasury rates.

EXIMBANK POSITION: See B(1) below. In addition, Eximbank sees no reason to discriminate against Communist countries.

B. Other Amendments

1. An amendment that would require Eximbank to provide financing at a rate no less than one percent below average prime rates of five largest U.S. commercial banks.

EXIMBANK POSITION: Eximbank is opposed to this amendment, as the rate at which it lends money should be geared to the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. Thus, the Eximbank rate has not remained constant but within the past year along has risen from 6% to 7% and now to a flexible band between 7% and 8-1/2%. In addition, imposing a rate on Eximbank over which it has little or no control will prevent it from playing an effective role in negotiations with other countries to reduce competition.

2. An amendment that would prohibit financing for the export of nuclear reactors without Congressional approval.

EXIMBANK POSITION: Eximbank is opposed to this amendment as adequate opportunity for oversight of the export of nuclear technology is provided in the Atomic Energy Act of 1954 (for which the Senate and House have passed amendments to increase Congress' role). If Congress wishes to further enlarge its role, it should do so within the context of the Atomic Energy Act or export control legislation.

3. An amendment that would direct Eximbank not to provide financing which may have serious adverse effects on the competitive position of U.S. industries, the availability of materials which are in short supply in the United States, or employment in the United States.

EXIMBANK POSITION: While Eximbank does not object to the inclusion of such a provision, it is unnecessary as the mandate of the Bank already directs it to take such factors into account before approving financing.

4. An amendment that would allow Eximbank to extend financing to U.S. air carriers in support of purchases of aircraft to be used solely in competition with foreign air carriers.

EXIMBANK POSITION: Before deciding that Eximbank financing should be available to U.S. air carriers, Congress should carry out a careful and thorough analysis in coordination with the Civil Aeronautics Board. In the event that Congress concludes that such financing is appropriate, it should appropriate adequate funds which should be earmarked and made available only for this purpose.

STAGGERS