Glossary

of

Terms Used in ECA

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FOREWORD

The following pages contain a list of the technical terms used most frequently in ECA operations.

The terms listed have been defined as precisely as possible within the limitations of space and time available for the preparation of the document. However, ECA operations and procedures are subject to continuous review and revision, often involving new legal interpretations, which may modify these definitions and render them less accurate. Therefore, the use of this document should be confined primarily to the orientation and training of new ECA employees, and it is not to be considered as an authoritative basis for official ECA decisions or actions.
GLOSSARY OF TERMS USED IN ECA

Account, Special (local currency): Amount of local currency funds commensurate in amount to commodities or services made available by ECA on a grant basis which is deposited by the participating country in a specified bank. This account is administered by the country government with the concurrence of ECA. Sometimes called "counterpart fund".

Account, U. S. Special (local currency): That part of the Special (local currency) Account which is segregated or allotted for the use of the U. S. Government within the participating country. This term is commonly called the "5% counterpart".


aid, conditional: See "allotment, conditional".

allocation of commodities: The ECA split of available or anticipated supplies among the different claimants or purposes, as in the allocation of steel to the different participating countries.

allocation of funds: A delegation by one agency to another of the statutory authority to obligate funds up to a predetermined amount. Thus, the lump-sum amounts allocated by ECA to the Department of Agriculture constitute a bank account against which ECA draws checks in the form of purchase requisitions covering specific commodity or service procurement. The unused portion of these amounts represents a liquid ECA asset, reclaimable at any time.

allotment: Term is used only with respect to ECA programming in this glossary. (See allotment, country.)

allotment, conditional: That part of the total allotment of ECA funds which is conditional upon the creditor participating country extending an equivalent amount of drawing rights in its local currency to debtor participating countries (in accordance with the Intra-European Payments Plan). See "drawing rights", "participating country, creditor", and "participating country, debtor".

allotment, country: An assignment from time to time of available ECA dollars to a participating country against which the country applies for procurement authorization for specific commodities and services. Form ECA-201, "Statement of Country Allotment Changes and Totals", is commonly called a country allotment.
allotment, country-Division: That part of the total ECA dollar allotment which is broken down on a Form ECA-201 into assignments by ECA Food and Agriculture, Industry, or Transportation Divisions. The figures indicate an amount against which the Division may initiate Procurement Authorizations for the particular country.

allotment, firm: An allotment made for which ECA dollars are authorized by Congress and are available.

allotment, grant: That part of the total ECA dollar allotment which is furnished on a grant basis. This is opposed to that part of the total ECA dollar allotment which is assigned to loan, or to conditional aid, or to aid on the basis of other terms of payment.

allotment, loan: That part of the total ECA dollar allotment which requires eventual reimbursement by the participating country to the U.S. Government.

allotment, provisional (or contingent): An allotment made for which ECA dollars are not yet authorized by Congress.

appropriation: A split of the appropriated funds of an agency as between quarters of the fiscal year, subject to approval by the Bureau of the Budget, as required by law.

applicant, approved: Any participating country or any person or organization, governmental or otherwise, named in any Letter of Commitment issued to a banking institution in the U.S. This shall include any agent authorized to act on behalf of an approved applicant.

appropriation: Authority given by Congress in an Appropriation Act to a government agency to spend money, within specified limits, during a designated period, usually a year.

Authority, Program: An internal document, Form ECA-36, issued by the Industry or Food and Agriculture Divisions serving as a work sheet for the issuance of a Form ECA-21 (Assistance Request and Procurement Authorization). This system was superseded by the new quarterly programming system on September 3, 1948.

balance of payments: A "Balance of Payments" statement summarizes the economic relations of a country with the rest of the world. It shows all transactions involving money payments and receipts which took place during a year (or some other selected time period) between a single country and all other countries. On the "receipts" side are such items as: exports, shipping charges due from other countries, expenditures of tourists from abroad while traveling in the country, interest on foreign investments,
borrowing from abroad, etc. "Payments" (or disbursements) are for: imports, shipping charges due to other countries, citizens' expenditures while touring abroad, interest due on loans received from abroad, repayment of loans received previously from other countries, etc.

Usually receipts are shown in the left column, disbursements in the right. As a rule the transactions are classified under two major headings: "current account" and "capital account." The "current account" section includes imports and exports, plus the so-called "invisibles" - transactions involving services of various kinds, such as transportation of passengers or freight, insurance, interest and dividends, and gifts. The "capital account" section includes items relating to public and private lending and borrowing and to changes in bank balances and other foreign exchange holdings. Usually changes in the amount of gold reserves, as shown by imports and exports of gold, are listed separately.

Sometimes, statements are prepared showing payments between one country and another single country or selected group of countries, such as payments between the United States and the United Kingdom or the sterling area. These statements are sometimes called "balance of payments by area" to distinguish them from the overall balance of payments with the world described above. The items included in both types of statements are the same.

Bank, U. S.: Banking institution organized under the laws of the U. S., any state, territory or possession thereof, or the District of Columbia.

Blocked accounts: An account the utility of which is controlled by the government concerned.

Blocked currency: Currency of a government which has issued regulations prohibiting its conversion into other currencies without special license. To the extent special licenses are issued authorizing conversion, the currency is, of course, not considered to be blocked.

capital goods items: Those items of capital equipment used in expansion and replacement programs of participating countries which will not constitute a part of a project as such but for which additional information is required.

cargo, bulk: Generally, commodities (such as coal, grain, fertilizer) which are not packaged in containers and are loaded by use of elevators, tipples or other mechanical equipment and shipped on board tramp vessels not in a regular scheduled service.
cargo, deadweight tonnage: Measure of a vessel's revenue load capacity.

cargo, liner or berth: Generally, packaged goods and commodities of a widely diversified nature - usually hand stowed and shipped in less than full shipload lots and transported on vessels operating on regular scheduled runs, routes or services.

cargo, tramp: Cargo carried by vessels not operating on regularly scheduled runs.

code, recovery project: A uniform code on program and procurement documents to permit adequate reporting and control of ECA-financed projects.

commitment (or obligation): An agreement to pay (in the form of a contract, purchase order, or other legally binding promise) contingent upon the receipt of goods or services. In ECA, a Procurement Authorization is considered a commitment or obligation of ECA funds.

commodity: Any commodity, material, article, supply, or goods necessary for the purposes of the Economic Cooperation Act.

commodity code: Listing in the official ECA Commodity Code Book assigning a specific number to a commodity or service.

commodity determination: Statements (on Forms ECA-219, "Commodity Determination") to a participating country showing for each commodity, a delivery period, a source, and the tentative total amount for which ECA will issue Procurement Authorizations when funds become available.

contract cut-off date: The date designated in a Procurement Authorization (usually from three to six months after the first day of the month following the date of issuance) by which contracts under each subsequent sub-authorization issued must be made.

counterpart fund: See "Account, Special (local currency)".

deficiency materials: Materials which are required by the U. S. as a result of deficiencies or potential deficiencies in its own resources; or which are for any reason considered essential by the Munitions Board. This term was previously called "strategic materials."

delivery: Transfer to or for the account of a participating country of custody and right of possession of any commodity, or the rendering to or for the account of a participating country of any service.
destination: Port or ports of discharge in the importing country.

disbursement: Payment, by check or cash, of an obligation.

discrimination: Unequal treatment by a country or party as between other countries or parties. This may occur if a country favors one source of supply over another; if it establishes disparate exchange rates for currencies of different countries or administers exchange controls so as to favor purchases in one country over another; if it levies tariffs, imposts, or excise taxes which are different for organizations or individuals in like circumstances; if it restricts the issuance of export or import licenses for imports trade with one country more than with another country or if it quotes different prices, not justified by cost differences, for the same commodity or service to various customers; etc. To test for "discrimination" it is necessary first to define what is meant by "equal treatment."

dollars, ECA: All dollar funds made available to ECA by means of direct appropriations, advances and allocations from other Federal agencies, and the sale of notes to the U. S. Treasury.

drawing rights: Amounts of currency made available by creditor participating countries, equal to the magnitude of the anticipated surplus of their payments on current account with other participating countries. These drawing rights are used to finance the payments deficits of the debtor countries.

East-West trade: Trade between participating countries and Eastern European countries, including Eastern Germany.

end-use: The consumption or utilization of commodities, facilities and services.

expenditure: The amount paid or to be paid for goods and services already received (or losses incurred). The total expenditures for a period will ordinarily be equal in amount to the cash disbursements for that period adjusted for opening and closing amounts of accounts payable.

export premium: Markup charged for an item to be exported over the price charged for the same item in domestic sales.

export prices: Price at which a commodity is sold for export.

export rate for dollars: Rate at which an exporter in the participating country receives local currency for dollar exchange resulting from an export of commodities.

funds: See "funds, ECA."
funds, ECA available for allotment: ECA dollars which are not yet allotted. This applies to the European Recovery Program only. (See allotments).

funds, earmarked ECA: A stated amount of ECA funds which have been designated as applicable to a program or project of a participating country under the ECA program.

funds, deficiency material "kitty": Refers to special fund of unprogrammed ECA-dollars which is reserved for exploration and development of deficiency materials resources.

funds, ECA: All funds made available to ECA by means of direct appropriations, advances, and allocations from other Federal agencies, the sale of notes to the U. S. Treasury, and deposits in U. S. Special (local currency) Accounts.

funds, program "kitty": Refers to ECA-dollars which have been taken away from a country and which have reverted to the program "kitty", and thereby become unprogrammed.

funds, ECA loan: Funds of one billion dollars that were made available through the sale of notes to the U. S. Treasury under Section 711(c) of the Foreign Assistance Act of 1948 from which the Administrator could, during the period of one year following the enactment of the Act, extend aid on a credit basis to participating countries. The Administrator, with the advice of MAC, may also utilize appropriated funds to extend assistance to participating countries on a credit basis.

guaranty: An agreement by the Administrator with any U. S. citizen, firm, or corporation making an investment in a project approved by the Administrator and the participating country concerned, to assure, within certain limitations, the transferability into U. S. dollars of foreign currency receipts from the investment up to the amount of dollars invested in the project by the person, firm, or corporation plus actual earnings or profits on the project to the extent provided in the guaranty. These investments may be industrial projects or in informational media projects (production or distribution of such media as scientific or cultural publications, motion pictures, etc.)

hard currency: A currency which countries are willing to accept in international exchange and hold. Generally, it is convertible into gold.

importer: Any person or organization, governmental or otherwise, to which a participating country has made a sub-authorization.
import license: A license which may also be a sub-authorization issued by a participating country government to its government agencies, buying groups, or individual importers allowing importation of goods into the country.

Intra-European Payments Plan (IEPP) A plan to bolster international trade among the participating countries by reestablishing credit in the national currencies. ECA makes "conditional allotments" to creditor participating countries which, in turn, extend "drawing rights" in their national currencies to the debtor participating countries. (Sec "allotment, conditional" and "drawing rights.")

intra-European trade: Trade among the participating countries.

issuance date: Date of issuance of a Procurement Authorization, after which, under ordinary circumstances, all contracting and delivery must be made.

Letter of Commitment:
1. Formal commitment by ECA to a U. S. bank to reimburse for lines of credit extended by the bank covering a specific Procurement Authorization or part thereof;
2. An assurance by ECA to a supplier that he will receive reimbursement for delivery of certain goods or services specified by a Procurement Authorization or part thereof.

Letter of Credit: A line of credit extended by a foreign country bank to a U. S. bank, and thence to a supplier which may be under authority of an ECA Letter of Commitment, enabling payment in cash to a U. S. supplier upon presentation to the bank of a draft supported by an ocean bill of lading and other required documents. The bank is reimbursed at once by clearing the draft and documents through a local U. S. Treasury discharging office; thence the documents proceed to ECA—Washington.

Letter of Notication: A formalized letter to a foreign government stating that a loan allocation for a certain quarter is $x dollars.

limitation: A portion of an appropriation designated by Congress as a ceiling for a specified object(s) of expenditure or activities.

local currency: Recognized national currency of a participating country.

long-lead time items: Those items requiring a relatively long time to produce and deliver after placement of order or contract.

monetary overhang: Amount of purchasing power available in a country above the amount of goods available.
national accounts:  "National accounts" provide an over-all statistical picture of the economic activity of a country, and measure the money-flows between the main sectors of the economy, which are usually presented for a year, occasionally shorter periods. The items on each side are derived from the current transactions of 1) businesses, 2) consumers, and 3) government, and 4) of these sectors with the rest of the world. On the one side of the account are the consolidated sales of the economy, adjusted for the change in inventories, so as to measure the market value of all goods and services produced. On the other are the various costs incurred in producing the gross national product: allowances for depreciation and obsolescence and payments to the factors of production (labor and capital).

In general, in addition to the over-all aggregates that comprise the system of economic accounting, it is common practice to present also breakdowns of the national income by distributive shares and by branches of industry, of the national product by type of product.

Where there is any form of economic programming or planning, national accounts are an almost indispensable statistical apparatus to summarize the outlines of the "plan" and to ensure the consistency of the measures proposed.

There are three approaches to the valuation of the national output, using data on: 1) income payments; 2) commodity flow as shown by production statistics; and 3) consumer and government current expenditure and savings. The totals derived by each method balance exactly in principle, but in fact there is always some discrepancy because of limitations in the basic statistics.

new money:  ECA dollars allotted to a country in addition to all ECA dollars previously allotted to that country.

participating country:  Term applies to:
1. Any country (or its authorized agent), together with dependent areas under its administration, which signed the Report of the Committee of European Economic Cooperation at Paris on September 22, 1947;
2. Any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration; provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of the Economic Cooperation Act of 1948.
participating country, creditor: A participating country which has a surplus of payments on current account with another participating country. A participating country may be a creditor in its relationship with one country at the same time it is a debtor in its relationship with another country.

participating country, debtor: A participating country which has a deficit of payments on current account with another participating country.

positive list: A list maintained by the Department of Commerce of those commodities which are in short supply and are subject to export control.

previous total: Total dollar amounts allotted to a country up to time of issuance of the latest allotment; similarly, total dollar amounts authorized to a country up to time of issuance of the latest Procurement Authorization.

price, adjusted market: Market price prevailing in the United States at the time of the purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment as determined by the Administrator.

price limitations: Price beyond which ECA will not make reimbursement directly to a participating country for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States, adjusted as provided.

Procurement Authorization: Permission given to a participating country or its agent (in Form ECA-203) to purchase a commodity or service specifically limited in dollar value, and to source and delivery period. Compliance with the terms of the Procurement Authorization makes the transaction eligible for payment or reimbursement by ECA. (Form ECA-21, "Assistance Request and Procurement Authorization," was the formal obligating document from the beginning of ECA until October 15, 1948. From that date until July 14, 1949, Form ECA-203, "Procurement Authorization," generally termed the "delivery quarter P.A." was used. The new form ECA-203, "Procurement Authorization," placed in effect July 14, 1949, is modified in accordance with provisions of the new procurement procedures in which "delivery quarters" are eliminated, and is generally known as the "serial numbered P.A.")

Procurement Authorization Application: Form ECA-202 filed by a participating country to indicate what commodities and services the country desires to get with its ECA allotment.

Procurement Authorization - Closing: A Procurement Authorization (on Form ECA-203C) against which all charges are final and complete, and are so recorded in the books.

Procurement Authorization, completed: A Procurement Authorization on which no further procurement action is to be taken.

Procurement Authorization, special conditions for a: Special provisions (in addition to or different from the standard rules set forth in ECA Regulation 1) governing the use of a specific Procurement Authorization. Space is provided on Form ECA-203 for these special provisions.

procurement, off-shore: A procurement made by a participating country using its ECA-allotted dollars for commodities from any country outside the U.S. or its possessions.

procurement, on-shore: A procurement made by a participating country using its ECA-allotted dollars for commodities from the U.S. or its possessions.

Program, Annual:
1. Term applies to an overall economic program of a participating country prepared for submission to OEEC. (The Annual Program for fiscal 1949 is called the 1st Annual Program; for fiscal 1950, the 2nd Annual Program.)
2. Term also refers to overall economic program of a participating country after it has been revised by OEEC, after it has been revised by the participating country, and submitted to ECA.
3. Term is used as above for all such annual programs irrespective of whether the amount of Congressional appropriation is known or not.

program, expansion: Plans as part of the Long-Term Program or an Annual Program to expand the productive, service, or commercial facilities of a country.

Program, Long-Term: Term applies to overall economic program prepared for submission to OEEC by one participating country covering the four fiscal years ending June, 1952.

program, replacement: Plans as part of the Long-Term Program or an Annual Program to maintain or bring up to date the productive, service, or commercial facilities of a country.
1. Convenient classification within which can be grouped interrelated items of machinery and equipment involving an expenditure of one million dollars or more of ECA funds for one of the following purposes:
   (a) The construction, modification, or rehabilitation of plants, structures, facilities, or agricultural or housing developments requiring major planning, engineering, and integrated procurements,
   (b) The purchase and installation in an existing or new plant or enterprise of production, processing, manufacturing, or power generating equipment.
2. With respect to a guaranty, a plan for investment in a participating country which, when it has received the approval of such country, may be made the subject of a guaranty covering such investment.
3. With respect to deficiency materials, a project involving a deficiency material and meeting certain other technical criteria.
   (a) Use of unallocated or deficiency material "kitty" funds are required; or
   (b) The project is undertaken at initiative of and is the primary interest of the U. S.; or
   (c) An extensive geological or mining production engineering survey by ECA is required; or
   (d) The project is financed entirely from the Special (local currency) Account.
4. An arrangement for making available to a participating country certain technical "know-how" from the U. S. or other countries for the purpose of facilitating European recovery.

**Project Authorization Number**: An identification number which is assigned by ECA-Washington to all projects or tentative projects and which must be included in all documents relating thereto.

**Project Letter Application**: A letter containing detailed information required by ECA regarding projects, which is submitted to ECA by a participating country intending to use ECA funds for continuing or initiating a project.

**Purchase Requisition**: A sub-authorization under a Procurement Authorization issued by ECA to a United States Government purchasing agency. (Form ECA-250)

**Quarter, Calendar**: Commonly called "quarter". A predesignated time period used in operations and administration. Thus, "second quarter, 1949" refers to the period from April 1, 1949, through June 30, 1949.
receipts: Supplies that have arrived in the recipient country.

recovery project code: See "code, recovery project".

reimbursement: A method used by ECA to pay for any commodity or service furnished to a participating country under the Act.

reporting date: Thirty days after the contract cut-off date specified in a Procurement Authorization, by which time, participating country governments are required to report the total or estimated total value of all contracts entered into against the Procurement Authorization whether or not deliveries have been made.

services: Anything ECA finances which is not a commodity, e.g., transportation, technical services, etc.

shipment: Supplies loaded for transport to a participating country and evidenced by an ocean bill of lading; in the case of intra-European trade; supplies loaded and documented by an inland bill of lading.

shipment of goods, projected: Estimated date of shipment of goods from port or frontier of country of source.

sight draft: Bank draft on ECA payable through the Federal Reserve Bank of New York by which certain participating countries may pay suppliers for ECA financed transactions.

source: Country or area from which a commodity is shipped to a participating country. Storage in a free port or bonded warehouse does not affect the source consideration.

standard, flat price: A generally applicable price to all sellers of a particular item regardless of the seller's particular pricing practices or of his marketing situation.

standard, individual-seller: Indicates that a commodity price being charged in a contract by a seller does not exceed the price for a like commodity sold by the seller under similar terms to other customers similarly situated.

Sterling Area: Geographically, the British Commonwealth (except Canada), Ireland, Iceland, Burma, and Iraq. Generally, in these areas sterling balances can be transferred freely.

Sterling Area, Independent: Geographically, the British Dominions (except Canada), Ireland, Iceland, Burma, Iraq, and Southern Rhodesia. (See "Sterling Area."

stockpiling: Accumulation by the U. S. of a supply of deficiency materials.

strategic materials: See "Deficiency materials."
sub-authorization: For all procurement under Procurement Authorizations
(Form ECA-203), except Purchase Requisitions issued by ECA to a U. S.
Government Agency, which are also called sub-authorizations, the parti-
cipating country will make sub-authorizations to importers within the
terms of the Procurement Authorization. The participating country
will authorize the importer to use the Procurement Authorization
number in placing orders and will specify to the importer the commodity
or service, source, dollar value, the period in which delivery is to
be made, and all other terms and provisions of the Procurement Author-
ization which are applicable to the sub-authorization.

supplier: Any person or organization, governmental or otherwise, which
furnishes any commodity or service under the Act.

supplies, procured: Supplies for which contracts or the equivalent have
been made by the procuring agency or country.

technical assistance: Financial aid to participating countries for the
purpose of making available to them certain technical know-how of
the U. S. or other countries which will tend to increase the know-
ledge and skills required for achievement of the objectives of ERP.

technical services: Services rendered in connection with a project or
other technical aid outside of a project, financed from regular ECA
program funds on a Procurement Authorization.

terminal charges: Costs of transportation from a port of entry to the
consignee's designated shipping point. (Postal term)

terminal delivery date: The date designated in a Procurement Authori-
zation by which all deliveries under a Procurement Authorization
must be completed in order to be eligible for reimbursement.