

# EXPORT-IMPORT BANK OF WASHINGTON

WASHINGTON 25, D. C.

OFFICE OF THE SECRETARY

CABLE ADDRESS  
"EXIMBANK"

May 6, 1946

MEMORANDUM TO MR. MARTIN

Subject: Reconstruction Loans From Now On.

A basic issue in the proposed French loan will be increasingly a factor in the consideration of all new reconstruction loans as the time approaches when the International Bank will be in operation. It is the issue of how the Export-Import Bank can continue to perform its interim reconstruction responsibility and then recede from reconstruction lending in favor of the International Bank.

To avoid overlap some means should be devised whereby the Export-Import Bank could assume only a minimum part of the total reconstruction loan to any one country. That minimum should be only that part which is possible of accomplishment prior to the time when the International Bank can assume the responsibility for the balance of the reconstruction job.

This point was emphasized in the informal meeting of the Board on Friday. It was pointed out that even if the proposed French loan were approved immediately it would not be possible for France to procure the items she needs for a few months pending the working out of a detailed procurement program. This being the case, it would seem that a more orderly and clean-cut transfer of the primary reconstruction lending responsibility from the Eximbank to the International Bank could take place by having the Export-Import Bank limit its reconstruction loans in the remaining interim to credits whose proceeds would be sufficient to obtain only those goods and items which could be actually procured in say the next ten months. This period is selected on the assumption that the International Bank will be lending at least by March 1, 1947.

Such an arrangement might be worked out by dividing all future reconstruction loans into two parts: the first to cover the immediate most urgent and currently procurable items to be assumed by the Export-Import Bank; the second and major part of the credit to cover the long range items to be assumed by the International Bank. The coordination of these two parts of a reconstruction credit would be a legitimate function of the National Advisory Council.

This plan offers the following advantages:

1. It would tend toward an orderly transition of the reconstruction lending responsibility from the Export-Import Bank to the International Bank.
2. It would provide a mechanism for the Export-Import Bank to recede from the reconstruction field.
3. It would assure a minimum of overlap between the two banks in the reconstruction field.
4. It would reduce the amount of Export-Import Bank funds which would be frozen in long term reconstruction credits and would make more funds available for the normal functions of the Bank.



Sidney Sherwood