

PRESS RELEASE

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EXPORT-IMPORT BANK OF WASHINGTON

Washington

July 13, 1946

FOR RELEASE TO MONDAY MORNING NEWSPAPERS, JULY 15

Signing of Agreement on Credit of \$650 Million to France
Announced by Export-Import Bank

The signing of the Agreement, embodying terms and conditions of a credit of \$650 million from the Export-Import Bank to the Republic of France, was announced today by Mr. Wm. McC. Martin, Jr., Chairman of the Board of Directors of the Bank; the approval of the credit by the Board of Directors was announced at the end of May in connection with the settlement of war accounts between France and the United States.

Mr. Martin recalled that the Export-Import Bank had last year extended to France a credit of \$550 million for the purpose of purchasing products and services which had been requisitioned, but not contracted for, under Lend-Lease.

The new credit is for reconstruction purposes and is on terms and conditions similar to those of other reconstruction credits of the Export-Import Bank. The credit is available up to June 30, 1948. It bears interest at the rate of 3% per annum, and the principal is repayable in twenty years in semiannual installments, beginning on January 1, 1952.

The new credit will enable the Republic of France to finance purchases of United States products and services for the reconstruction of Metropolitan France and French Overseas Territories.

The major part of the credit, or approximately \$470 million, is to be devoted to financing the purchase of American equipment. A sum of about \$300 million will be used by the French to pay for various equipment orders already placed. These include some \$180 million for transportation equipment of all sorts, \$40 million for agricultural implements and machinery, \$25 million for machine tools, \$15 million for mining equipment, \$10 million for construction equipment, \$10 million for electrical equipment, and another \$10 million for equipment for metallurgical and chemical industries. Of the \$170 million for new equipment orders, roughly \$60 million will be for various transport equipment, \$70 million for machine tools, construction, power and other mechanical industrial machinery, and \$25 million for agricultural implements.

An additional \$100 million is to be devoted to financing the purchase of industrial raw materials, \$50 million of which will be for solid and liquid fuels, \$30 million for steel, and the remaining \$20 million will be used for the purchase of other industrial raw materials such as cotton, synthetic rubber, and chemicals.

The remainder of the new credit, or roughly \$90 million, will be used for the payment of United States services, including engineering and other technical services and ocean freight which may be rendered in connection with the foregoing items of equipment and industrial raw materials.

Purchases financed by advances under the new credit will be made through French private importers, except for purchases of such essential items which for the time being have still to be handled through governmental

channels. The Agreement provides that the Export-Import Bank will underwrite letters of credit issued by commercial banks if requested by the French. Privately purchased equipment and materials financed under the new credit will be insured against marine and transit hazards under contracts of insurance providing for the payment of indemnities in dollars.

Exporters and others may obtain information regarding French orders to be financed under the new credit from the French economic representatives at 1800 Massachusetts Avenue N. W., Washington, D. C.

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