

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date September 27, 1946.

To Chairman Eccles

Subject: Danish and Chilean loan requests

From Mr. Knapp 

Aside from matters relating to the Bretton Woods Institutions, the National Advisory Council considered at its meeting on Thursday, September 26, two loan requests which have been filed with the Export-Import Bank.

The first loan request was by Denmark, which asked for a 50 million dollar long-term loan to cover general import requirements during the next six months to a year. The Staff Committee had studied this proposal carefully with a view to determining whether Danish needs were so urgent that Denmark could not wait for an International Bank loan, which they might be able to negotiate during the month of November or at least before the end of this year. Although not all of the relevant facts were available, the Staff Committee felt that no such urgency could be established. The Council accepted this view and passed an action recommending that the Danish request be referred to the International Bank and not be considered by the Export-Import Bank.

Chile had also made application to the Export-Import Bank for a 40 million dollar loan to finance the importation of machinery, equipment and supplies for a large variety of development projects, including railway and hydro-electric projects. In this case there was clearly no urgency and there was a strong tendency to treat this request in the same manner as the Danish request. However, it was pointed out that a number of the projects for which Chile required funds had already been financed to some extent by the Export-Import Bank or had been developed over a period of years with technical assistance from the U. S. Government. Therefore the Staff Committee recommended, and the Council agreed, that not more than 15 million dollars of the Chilean loan request should be handled by the Export-Import Bank in order to wind up existing U. S. Government projects. The Council recommended that the remaining 25 million dollars be sought by Chile from the International Bank.