

June 27, 1947

Dear Mr. Secretary:

We have carefully considered the contents of your letter of June 23, 1947, concerning the rate of interest to be paid by Export-Import Bank of Washington to the Treasury on funds borrowed on and after July 1, 1947.

It is our understanding that, in accordance with Section 2 of Public Law 89, 80th Congress, amending the Export-Import Bank Act of 1945, commencing July 1, 1947, notes of Export-Import Bank to be purchased by the Treasury will carry a rate of interest equal to the average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such obligations, except that where such average rate is not a multiple of one-eighth of one per centum, the rate of interest on such obligations shall be the multiple of one-eighth of one per centum next lower than such average rate.

We will not present to you for purchase notes of Export-Import Bank prior to July 1, 1947, except in the amounts required to enable the Bank to meet its net cash disbursements prior to July 1, 1947.

In view of this change in interest rate, we feel it would be equitable to both parties to agree that, commencing July 1, 1947, the notes of Export-Import Bank presented to you shall mature in twelve years, namely, on June 30, 1959. We have calculated that the average maturity of all present outstanding loans and commitments of Export-Import Bank is 12.13 years.

We understand that all notes of Export-Import Bank held by the Treasury on June 30, 1947, will continue to bear their present rate of interest, namely one per cent, until their maturity on December 31, 1951, or until their earlier retirement. Although our disbursements are exceeding collections and will continue to do so, presumably, until our full lending authority is substantially committed, it has been our practice to retire our outstanding notes with the Treasury whenever the proceeds of such collections were not required by us for disbursement again the same day. After July first, we shall continue this practice, if satisfactory to you, applying such temporary repayments to notes issued on or after July 1, 1947.

Our Board of Directors will take action at their next regular meeting, now scheduled to be held on July 2, 1947, to amend their resolution of October 2, 1946, retroactively to July 1, 1947, to take account of the changes of interest rate and maturity in accordance with the foregoing. We will deliver a certified copy of the resolution to you promptly after the action is taken.

We are enclosing a copy of an amended form of note which we trust will be satisfactory for use in transactions on and after July 1, 1947.

Sincerely yours,

Wm. McC. Martin, Jr.  
Chairman

Enclosure

The Honorable

John W. Snyder

Secretary of the Treasury

RMJ/ew