

Memorandum Agreement Providing for the Utilization
of Export-Import Bank of Washington by the Administrator
for Economic Cooperation in Connection with the Making of
Guaranties Under the Economic Cooperation Act of 1948

The Administrator for Economic Cooperation (Administrator) and the Chairman of the Board of Directors of Export-Import Bank of Washington (Eximbank) are agreed that the Administrator will utilize the services and facilities of Eximbank in connection with the making of the guaranties, authorized by Section 111(b)(3) of the Economic Cooperation Act of 1948, of the transferability into United States dollars of the proceeds of approved American investments.

The following considerations call for the utilization of Eximbank for the purpose:

- (1) The guaranties under the Act may be issued for a period up to fourteen (14) years from the date of enactment of the Act; a date well beyond that fixed by the Act for the statutory existence of the Administrator;
- (2) The desire of all concerned to utilize an existing agency of the Government having the facilities necessary for performing a function authorized by the Act.

The following principles will govern the processing of applications and the making and administration of guaranties:

- (1) The Administrator has the responsibility of determining whether a guaranty is to be made and of specifying the terms and conditions for the making and administration thereof;
- (2) Eximbank, acting as agent for the Administrator, will issue the guaranty in its name upon the terms specified by the Administrator;
- (3) To the extent practicable and at the same time consistent with the responsibilities and obligations of the Administrator, the consideration of an application for a guaranty and the making and administration thereof will be a joint effort on the part of the Administrator and Eximbank.

In the light of the foregoing, the following procedures will be followed:

Steps Leading Up to a Determination
by the Administrator to Make a Guaranty

Filing of Applications. Applications for guaranties will be received by the Administrator, who will conduct all negotiations preliminary to the filing of such applications.

Processing of Applications. The staff of the Administrator, with the collaboration of a representative or representatives of Eximbank, will process an application for a guaranty. A memorandum analyzing the application and relevant factors involved and incorporating appropriate recommendations will be prepared by the staff of the Administrator and by the representative or representatives of Eximbank. This memorandum will be submitted to the Administrator and the Board of Directors of Eximbank, and the Board of Directors may make such observations with respect to the proposed guaranty as it may deem appropriate.

Determination by Administrator. The Administrator will make the determination as to the making of the guaranty.

Making of the Guaranty

Issuance. A guaranty will be issued in the form of a contract of guaranty which will be prepared in each case jointly by the staffs of the Administrator and Eximbank. Each contract will contain such standard provisions as may be worked out by the two staffs and the special terms which the Administrator shall determine are to be imposed in the particular case involved. Upon the preparation of the definitive contract, the Administrator will transmit the contract to Eximbank with the request that Eximbank arrange for the execution of the contract by Eximbank and the beneficiary of the guaranty.

Funds. The Administrator and Eximbank will make necessary arrangements with the Treasury Department for the deposit of fees, issuance of notes and withdrawal of funds necessary to discharge liabilities under guaranties issued.

Administration of the Guaranty

During statutory existence of Administrator. So long as the Administrator shall have statutory existence, Eximbank shall administer the guaranties under such arrangements as the Administrator may from time to time establish as necessary and advisable; it being understood that the Administrator will follow up the investments involved in the guaranties through the European organization of ECA and thereby reduce to a minimum the independent field work by Eximbank with respect to the supervision of such investments.

Dated July 15, 1948

/s/ Paul G. Hoffman
Administrator for Economic Cooperation

/s/ Wm. McC. Martin, Jr.
Chairman of the Board of Directors
of Export-Import Bank of Washington