

Loan Negotiations to Date

On August 27, 1947, the Italian Government requested the International Bank to extend to Italy an interim line of credit of \$250 million. A fact-finding mission of the Bank visited Italy during the autumn of 1947 and, on the basis of its findings, concluded that there were in the Italian Government's program for reconstruction and development a number of individual projects meriting further consideration as possible bases for a loan from the Bank, contingent upon the outcome of the ERP.

A letter to this effect was sent on February 6, 1948, but Mr. Garner to Mr. Donato Menichella, Director General of the Bank of Italy (the Italian Government's representative in connection with the loan). After indicating the general types of projects falling within the Italian Government's program which appeared most interesting to the Bank, the letter suggested that the Italian Government select a group of individual projects falling within designated categories and assemble the detailed information necessary for the appraisal of the projects by the Bank. The letter also indicated that the Bank would be prepared to send representatives to Italy for the purpose of consulting in the selection and analysis of such projects in order that a prompt decision might be reached in the light of developments concerning the ERP. In a letter of reply of March 18, 1948, Mr. Menichella requested that representatives be sent to Italy for this purpose, and a mission consisting of Messrs. Stephens, Svoboda and Rembert departed for Italy about the middle of April. Present plans call for the mission to return on or towards the end of May.

The fields on which the Italian Government is concentrating in developing projects for the Bank's consideration are:

1. Electric power;
2. Reconstruction of Merchant Marine;
3. Reconstruction and development of agriculture;
4. Reconstruction of the iron and steel industry.

Proposals were also made with reference to the railways and to building and public works but these are now in abeyance.