1949, 02 September, Memorandum of conversation regarding Eximbank loan to South Africa, NARA, RG 59, Obtained and contrib. by Mara Drogan.

It has not been learned, Mr. Armeson continues, that factors affecting the loan are somewhat different than they were six months ago, according to information received, the Eximbank is favorably disposed to grant a partial loan to the South Africans with that portion to be guaranteed by private insurance. The loan is now somewhat different than it was six months ago. According to information received, the Eximbank is favorably disposed to grant a partial loan to the South Africans with that portion to be guaranteed by private insurance.

Mr. Armeson said that as a result of recent developments the potential of the uranium supply, particularly in view of a contemplated expansion of production, appeared that the loan might eventually become the main source of U.S. uranium supplies.

Mr. Armeson referred the position taken last spring by Mr. Delano, saying that uranium was a subject of preliminary discussions when the possibility of obtaining uranium was mentioned by our government during the course of preliminary discussions on the relationship of the U.S. government with the South Africans with that portion to be guaranteed by private insurance. The loan is now somewhat different than it was six months ago. According to information received, the Eximbank is favorably disposed to grant a partial loan to the South Africans with that portion to be guaranteed by private insurance.

On the other hand, in view of the extent of the uranium deposits in South Africa, it was considered highly desirable to complete the commissioning of the uranium deposit before proceeding with the construction of a mill. The position was taken that the loan application for a $500 million Eximbank loan, which is now under consideration by the South Africans, might eventually become the main source of U.S. uranium supplies.

In the meantime, the South Africans have been working on a plan to utilize the uranium deposit for the production of fuel for nuclear power stations. This plan is expected to be completed within the next six months, and the commissioning of the mill was scheduled to begin in October 1949.

Mr. Armeson referred to the situation as a matter of urgency and requested that the Eximbank be informed of the progress being made in the completion of the commissioning of the mill. He also requested that the Eximbank be informed of the plan to use the uranium deposit for the production of fuel for nuclear power stations.

In view of the importance of the uranium deposit for the production of fuel for nuclear power stations, Mr. Armeson suggested that the Eximbank be informed of the progress being made in the completion of the commissioning of the mill. He also requested that the Eximbank be informed of the plan to use the uranium deposit for the production of fuel for nuclear power stations.
banking interests to be backed by a gold deposit. The South Africans, however, presumably as a matter of pride, have been reluctant to accept a loan involving this condition.

Mr. Arneson remarked that he understood that if a $50 million dollar EXIM credit were made available to the South Africans the bulk of it would likely be used to pay for equipment now on order in the United States for the improvement of the harbor and railway facilities of South Africa. Should this be accurate, there might be a definite advantage from the standpoint of expediting production and delivery of uranium through the granting of the loan since considerable equipment must be transported to construct the new uranium processing facilities in South Africa and within several years there will be a movement of a considerable tonnage of uranium-bearing materials to port.

Mr. Thorp reviewed the negotiations of the last several months with the South Africans noting particularly that South Africa has had a tendency to squander her financial resources on imported consumer goods and that although measures have been taken to curb these practices, the situation is still not entirely satisfactory. He pointed out that in addition to drawing down internal assets there had also been a large influx into South Africa of flight capital from the U.K. which was now largely depleted. It was Mr. Thorp's opinion that the South Africans might not necessarily require the loan at this time and that if they did it was theirs for the taking and that requirement of a gold deposit is not a too onerous condition. He said he appreciated having the uranium matter brought up to date and would, of course, keep it in mind.