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**EXPORT-IMPORT BANK OF THE UNITED STATES**

WASHINGTON, D.C. 20571

PRESIDENT  
AND  
CHAIRMAN

CABLE ADDRESS "EXIMBANK"  
TELEX 89-461

February 13, 1976

The Honorable Charles C. Diggs, Jr.  
Chairman  
Subcommittee on International Resources,  
Food and Energy  
Committee on International Relations  
U. S. House of Representatives  
Washington, D. C.

Dear Mr. Chairman:

In your telex of February 9, you express concern that Eximbank may revise its policy of not making direct loans to South Africa. There has been no change in that policy and Eximbank has not approved any preliminary or final commitment to make a loan to that country.

You have also inquired about the status of any executive consideration of changes in the U. S. Government's policy in South Africa. It is my understanding that the Department of State will be responding to you on this matter.

On November 18, 1975, the Bank did receive a request from Fluor Corporation for a preliminary commitment for an Eximbank loan to South African Coal, Oil and Gas Corporation (SASOL). To date no action has been taken on this application. Since loan and guarantee applications to Eximbank generally include substantial amounts of confidential business information, Eximbank endeavors to maintain the confidentiality of that information. We are, however, pleased to provide you with the following detailed summary of the application and the proposed transaction.

The proposed transaction would involve the purchase of approximately \$500 million worth of U.S. goods and services by SASOL, a South African company with share capital provided by a South African government agency. The goods and services would be used in the construction of an oil-from-coal complex known as the SASOL II project to be located east of Johannesburg. Components would include a townsite, factory, disposal

and effluents area, mines, conveyor systems and infrastructure. Production from such facility is expected to amount to two million tons a year. Costs of the project may total \$2.3 billion, which does not include any allowances for cost escalation.

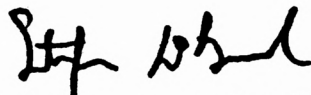
Fluor's subsidiary in South Africa, Fluor Transvaal Limited, has been awarded a contract to provide project management, engineering, procurement, construction and erection services.

Eximbank has been requested to supply a guarantee and direct credit, each in the amount of \$225 million to assist in financing the purchase of U.S. goods and services. If goods and services are purchased from other countries, Fluor has informed Eximbank that it expects to enter into financing agreements with the export credit instrumentalities of those countries. Other sources of financing will include funds from a special tax on hydrocarbons consumed in South Africa and equity capital from the South African government.

Construction of the project would take about five years, and Fluor has asked that the Eximbank direct and guaranteed financing be repaid over a ten-year period beginning after completion of the project.

I hope that the above summary will be of use to you.

Sincerely yours,



Stephen M. DuBrul, Jr.