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THE WORLD BANK
Washington, D.C.

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The World Bank
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Washington DC 20433
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Nuclear Power Project - Italy - Loan 0235 - P037419 - Negotiations - Volume 4

RETURN
RECORDS CENTER ROOM HB-1
PRE 1966 MATERIAL

BOX NO. 404 **DECLASSIFIED
WITH RESTRICTIONS
WBG Archives**

IT-UN215

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DECLASSIFIED

~~CONFIDENTIAL~~

WB SA 59-162 ES

FROM: The Secretary

September 15, 1959

CLOSING OF LOAN TO THE CASSA

The following arrangements have been made for signing the Cassa loan papers:

- Time - 12:00 noon, Wednesday, September 16, 1959
- Place - Board Room
- Signing Officials
 - For Guarantee Agreement: Mr. Pastore
 - For Loan Agreement: Mr. Pescatore
 - For Project Agreements: Mr. Zerbi
Mr. Bianchi
Mr. Rossi
Mr. Mayer
 - For the Bank: Mr. Black
- Seating Order - From left to right: Mr. de Palma, Mr. Aldewereld, Mr. Orcel, Mr. Perrone-Capano, Mr. Knapp, Mr. Mayer, Mr. Rossi, Mr. Bianchi, Mr. Zerbi, Mr. Pescatore, Mr. Black, Mr. Pastore, The Ambassador, Mr. Fascetti, Mr. Aragones, Mr. Angelucci, Mr. Ippolito, Mr. Gragnani, Mr. Lejeune and Mr. Morabito.

(NOTE: Mr. Mason, Department of Operations - Europe, Africa and Australasia, will arrange for the attendance of the signing officials; Mr. Scott of the Legal Department will supervise the execution of the loan documents.)

Representatives from Departments of the Bank who will attend the signing are requested to be in the Board Room shortly before 12:00 noon.

Distribution: Mr. Aragones
Mr. Gragnani
President
Vice Presidents
Department Heads

Italy h23

Mr. Michael L. Lejeune

September 15, 1959

G. Stewart Mason

ITALY - Loan for SENN Nuclear Power Project - Irrevocable Letter
of Credit

I refer to paragraph 6 of my memorandum to Files of August 28. ✓

When you were away, the International General Electric people indicated that they would want the irrevocable Letter of Credit referred to in my memorandum and that they were prepared to pay SENN and SENN the Cassa and the Cassa the Bank the 1/2% prescribed under Section 2.05 of the Loan Agreement. The Letter of Credit will be for the amount of the General Electric contract set out in the List of Goods, i.e., \$29.5 million. The terms of the Letter of Credit are to be sent to us by the Cassa. Raymond has cleared this matter with the management in principle and we are prepared to issue an irrevocable Letter of Credit for this amount.

Accordingly, this memorandum is sent to you for your information and as a matter of record.

GS Mason:vmc

cc: Mr. Cavanaugh
Mr. Allardice
Mr. Scott

Italy - SENN

FORM NO. 27
(5-58)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

CLASS OF SERVICE: **NLT**

DATE: **SEPTEMBER 10, 1959**

TO: **INTBAFRAD
PARIS**

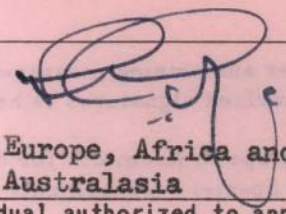
COUNTRY (**FRANCE**

TEXT:
Cable No. **179**

**FOR MILLER
PLANNING TO ARRIVE FRANKFURT SUNDAY FOR DISCUSSIONS IN
GERMANY ABOUT PLACING SENN PARTICIPATIONS STOP
WILL TELEPHONE YOU OR VENTIMIGLIA TOMORROW NINE THIRTY
WASHINGTON TIME**

COPE

AUTHORIZED BY:

NAME: **S. R. Cope**
DEPT: **Operations - Europe, Africa and Australasia**
SIGNATURE: 
(Signature of individual authorized to approve cable).
SRCope:mmr

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

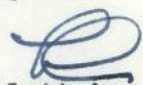
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: September 10, 1959

FROM: G. Stewart Mason

~~G. Stewart Mason~~
~~Use of the~~


SUBJECT: ITALY - SENN Nuclear Power Project

✓ sept. 9/59

Attached is a cable just received from Bruno Bianchi of Finelettrica together with my reply. ✓ sept. 17/59

You will note that I have asked the Finelettrica-SENN delegation to come into the Bank on Monday afternoon or Tuesday. We could talk about the letter giving assurances on the conduct of their finances. Could I talk to you about this today or tomorrow?

pm

GSMason/vmc

97 7/8
5.72

Yale Bank

Southern Italy Bonds
Sept 8th

97 7/8 . 5.72
97.5 issue price

Notes for Board Meeting on SENN Nuclear Power Project September 14
at 11:30 a.m.

IT-UN235

Mr. Chairman, Gentlemen:

The proposed loan of \$40 million for the SENN Nuclear Power Plant would bring the Bank's total lending to the Cassa (and to Italy) to the sizeable sum of \$300 million. It would be our seventh loan to the Cassa and the most dramatic loan to date for it marks our first venture into the ~~somewhat mysterious~~ ^{new unknown} field of nuclear power. The SENN project has gone through a long period of incubation but it has been well worthwhile. ~~Through~~ ^{the} Executive Directors have been kept advised of the more important developments from time to time, ^{but} it is perhaps worthwhile to summarize the principal ~~the~~ events.

It was on April 16, 1957 that the ^{Directors} ~~Board~~ approved in principle the Bank's participation in a joint-Italian-Bank study, as a consequence of which Project ENSI, as it was to become known, was born. The main work of Project ENSI in which it was assisted by an international panel of nuclear scientists established by the Bank was

- 1) the choice of a site for a nuclear power plant; ~~in this connection~~ ^a report by SENN on its reasons for its choice of the Garigliano River as the site for the nuclear power plant was circulated to the Board in February 1958
- 2) the preparation of invitations to tender for a nuclear power plant;
- 3) review of the tenders submitted.

As you know, out of the nine tenders received, the tender offered by the General Electric Company of the United States was accepted. The choice was made by SENN aided by its consultants and its technical staff. It was not the function of the International Panel to make such a choice, as was made clear in the notice ^{accompanying} which accompanied the Panel's summary report which was circulated to you on April 21, 1959. Mr. Allardice ~~will~~ ^{is to} elaborate ~~further~~ on the theme of international competition in nuclear power development when he speaks to you later.

As you will have noted from the documents, the General Electric Company entered into a preliminary agreement with SENN known as the Letter of Intent on February 4, 1959. I am now able to advise you that a definitive contract between SENN and the International General Electric Operations, S.A., a wholly owned Swiss subsidiary was signed in Geneva ~~Switzerland~~ on the 9th September. The draft ^{contract} had been studied by the Bank and found satisfactory. ~~The reason for~~ ^{Reasons of} the interposition of the Swiss subsidiary is for tax and administrative convenience. To all intents and purposes the General Electric Company of the United States, with its associate Ebasco Services, will erect the plant for SENN on a turn-key basis.

On the financial side, the Cassa will relend the proceeds of the Bank loan to SENN under an agreement satisfactory to the Bank. SENN is a company especially set up to construct and operate the nuclear power plant, ~~to be located on the Carigliano River~~. Its shareholders are composed of nine utility companies and five industrial companies.

which are under the effective control of IRI AND FINELLETRICA
the Basenti utility companies.

The utility companies form the largest electric power system in Italy serving 50% of the area and 55% of the population. Three of the strongest utility companies, all shareholders of SENN, will jointly and severally guarantee the performance of the Project Agreement and become joint and several sureties for the performance of all obligations of SENN to the Cassa including financial obligations. The Cassa will secure its loan to SENN by a first mortgage and a lien on the real estate and equipment connected with the project. We believe, therefore, that in this, the Bank's first step into the nuclear power field we are as well protected as we can be on the financial side.

As mentioned in the President's report and recommendations, a report on the current economic position and prospects of Italy was circulated to you on April 14. In the years it has taken to bring this project to fruition, the Italian economy has been a vigorous ^{staging} expansion in an environment of price stability. Though it was effected by the 1957/1958 international recession, a recovery in production began towards the end of 1958. In 1959, increase in gross national product is estimated to be between 4 and 5% which though satisfactory, is at a rate lower than the 1956-1957 average. The external economic position continues to be favorable; production and exports have increased and the rise in the reserve of foreign exchange continues.

If you have any questions on the economic situation Mr. Jentgen will be pleased to answer them later.

Italy ^{has} demonstrated its ability to raise funds in the capital markets of the world by the Cassa's issue of \$30 million of bonds at the time the last loan to the Cassa was made in April and ^{also} we expect the European Investment Bank to continue its financial assistance to Italy, the Bank should not in the future be called upon for further assistance to Italy.

Mr. Churn you said in your
Mr. Black in his remarks

to the Panel on Atomic Energy in economic development at the Eleventh Annual Meeting said "The Bank is not interested in atomic power as an academic exercise." After several ^{NOW} years of hard work the practical answer is before you; the SENN nuclear power ^{plant} project which if you approve this loan, should be contributing its output of electric power to the Italian network in just about four years from today.

GSMason
September 10, 1959

IT-UN235
loan documents
book

EMBASSY OF ITALY

Washington, DC.

COPY

September 2, 1959.

International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
Washington, 10, D.C.

Gentlemen:

In connection with the proposed loan by the International Bank for Reconstruction and Development to the Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia Meridionale (Cassa per il Mezzogiorno) of \$40,000,000 for a nuclear power project to be constructed and operated by Societa Elettromucleare Nazionale "SENN" per Azioni, I am writing on behalf of the Republic of Italy in regard to the availability of nuclear fuel for this project.

The Italian Government has the intention to make formal application to Euratom for the necessary supply of fuel for the SENN project under the U.S.A.-Euratom Agreement.

However, if for any reason, nuclear fuel should not be available to the SENN project under such Agreement, the Italian Government intends to allocate the necessary fuel to SENN from the 7,000 kilograms of contained U-235 available to Italy under the Agreement for Cooperation with the United States, signed on July 3, 1957.

In this connection, the United States Atomic Energy Commission, in a letter dated April 5, 1959, has given the Comitato Nazionale per le Ricerche Nucleari assurances to the effect that, in the event of a request from the Italian Government for fuel under Article VIII of the Agreement, it would make available such portion of the 7,000 kilograms of uranium as the Italian Government may allocate to the SENN project and as is needed for fueling such reactor.

Very sincerely,

(signed) Manlio Brosio

Ambassador of Italy

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: September 2, 1959

FROM: G. Stewart Mason *gsm*

SUBJECT: ITALY - SENN Nuclear Power Project - Italian Delegation

1. I have just been informed by Mr. Gragnani that the following is the Italian delegation which will come to Washington on September 15 for the signing ceremonies on the 16th:

Government: Mr. Giulio Pastore, Minister for Economic Development
for the South ✓
Mr. ~~Velmini~~ ^{Giuseppe} Velmini, Secretary ✓

~~X~~ Cassa: Professor Gabriele Pescatore, President ✓
— Mr. Orzel, Vice President
Dr. Piero de Palma ✓

SENN: Dott. ^{Giuseppe} Tommaso Zerbi, President ✓
— Ing. Angelucci, Vice President

IRI: Avv. Aldo ^{Guido} Fascetti, President ✓
— Mr. Gelli, Secretary

Finelettrica: Ing. Bruno Bianchi, Vice President ✓

* SIP: Dott. Emilio Mayer (Banca Commerciale Italiana, New York) ✓

* SME: Dott. Enzo Rossi, (Bank of Naples, New York) ✓

CNRN: Prof. Felice Ippolito, Secretary General ✓

2. I presume that all of the above delegation will be included in Mr. Black's invitation to lunch at the F Street Club. As I suppose the delegation will be accompanied by the Ambassador, I presume that we should include him and Mr. Gragnani in the invitation. This would make 15 in all.

Carlo
Mr. Perrone-Capano - (signing statutory loan) ✓
Ugo
Mr. Morabito - (has asked to be at signing)
Com. Cancellaro

cc: Mr. J. Burke Knapp
Mr. Allardice
Mr. Scott

OUTGOING WIRE

TO: BRUNO BIANCHI
FINELETTRICA
VIA ANIENE 14
ROME

DATE: SEPTEMBER 10, 1959

CLASS OF
SERVICE: LT

COUNTRY: ITALY

TEXT:
Cable No.:

THANKS YOUR CABLE SEPTEMBER 9 ✓ STOP SIGNATURE OF LOAN DOCUMENTS SET FOR
MID DAY WEDNESDAY 16TH AND LUNCH AT ONE OCLOCK STOP WOULD LIKE TO SEE
FINELETTRICA SENN DELEGATION AT BANK ON MONDAY AFTERNOON OR TUESDAY
MORNING

MASON

NOT TO BE TRANSMITTED

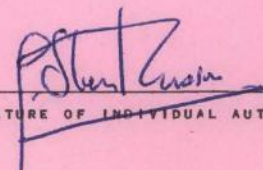
MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)



ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cleared and cc: Mr. Allardice
Mr. Clark
cc: Mr. Finne

For Use by Archives Division

Checked for Dispatch: _____

OUTGOING WIRE

TO: BRNO BRANCH
FINLETICA
VIA AIRTEL IN
ROME

DATE: SEPTEMBER 10, 1959
CLASS OF SERVICE: RT

COUNTRY: ITALY

TEXT:
Cable No.:

MORNING
FINLETICA DELEGATION AT BANK ON MONDAY AFTERNOON OR TUESDAY
MID DAY WEDNESDAY 12TH AND LUNCH AT ONE O'CLOCK STOP WOULD LIKE TO SEE
THANKS YOUR CABLE SEPTEMBER 9 STOP SIGNATURE OF LOAN DOCUMENTS SET FOR

MASON

DISPATCHED
GENERAL FILES
CORRESPONDENCE

SEP 10 6 00 PM 1959

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF THE INDIVIDUAL AUTHORIZED TO APPROVE)

ORIGINAL (file copy)

(IMPORTANT: See back of yellow copy for guide in processing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Fenne
Mr. Clark
Mr. Alfordice
cleared and cc:

For Use by Archive Division

Checked for Discrepancy:

2 Copy - SEN N

INCOMING WIRE

DATE OF WIRE: SEPTEMBER 9, 1959 WU 3.

TO: MR. CORBIN ALLARDICE IBRD

FROM: GENEVE~~X~~

ROUTING
ACTION COPY TO TECH OP
INFORMATION COPY TO
Decoded By

TEXT:

SENN CONTRACT SIGNED HERE SEPTEMBER NINTH STOP PAYMENT SECURITY PROVISIONS
CALL FOR CONFIRMED LATTER CREDIT WHICH CASSA WILL REQUEST FROM YOU STOP
REGARDS

GEORGE DOUGHMAN

INCOMING WIRE

ROUTING
ACTION COPY TO BE MADE OF
INFORMATION COPY TO
Decoded by

DATE OF WIRE: SEPTEMBER 10, 1959

TO: MR. GREGG

FROM: GENEVA

TEXT

YOUR CONTACT WITH THE BANK WITH REGARD TO THE MATTER OF THE
LATE MR. GREGG'S LATE WIFE'S ACCOUNT WILL BE KEPT OPEN FOR YOU

REPLY

THANK YOU

SEP 10 10 21 AM 1959

DUPLICATE
TYPED
GENERAL FILES
CORRESPONDENCE

Italy - SENN

INCOMING WIRE

DATE OF WIRE: SEPTEMBER 9, 1959 WU 2.

TO: STEWART MASON IBRD

FROM: ROME

ROUTING	
ACTION COPY TO	MR. MASON
INFORMATION COPY TO	
Decoded By	

TEXT:

FINELETTRICA SENN DELEGATION WILL ARRIVE WASHINGTON AFTERNOON SUNDAY 13
 SHERATON CARLTON HOTEL STOP PLEASE LET US HAVE PROGRAMME APPOINTMENTS
 FOR SIGNATURE CONTRACT AND OFFICIAL LUNCH TO ENABLE US FIX HOURS DEPARTURE
 STOP MANY THANKS REGARDS

INGEGNER BRUNO BIANCHI

*Copy attached to file.
P.M.*

ORIGINAL

INCOMING WIRE

ROUTING
ACTION COPY TO
INFORMATION COPY TO
Recorded By

DATE OF WIRE: SEP 10 1959

TO: STAMPAH LEO

FROM: [illegible]

TYPE: [illegible]

REMITTANCE OF THE WIRE WITH AMOUNT \$1000.00 IS
 BEING MADE BY THE BANK OF AMERICA AND COMPANY
 FOR THE ACCOUNT OF THE CLIENTS UNDER THE NAME OF [illegible]
 AND ONLY THREE DOLLARS
 THE WIRE SHOULD BE MADE

Handwritten:
 OK
 [illegible]

SEP 10 10 22 AM 1959

GENERAL FILES
CORRESPONDENCE

TYPED
ORIGINAL

Italy - 235

CASSA PER IL MEZZOGIORNO

IL PRESIDENTE

№ 6061

ROMA, September 4, 1959

PIAZZA DEI CONGRESSI N. 20 (EUR) TEL. 5291

Dear Mr. Mason:

I have received your letter of September 1, and I am looking forward with pleasure to seeing you very shortly: our schedule is now to arrive in Washington on the evening of the 15th, as we are planning to stay in New York most of the 15th. You can always reach me at the Waldorf Astoria Hotel over the 'phone on that day.

The group of the Cassa will include Ing. Orcel and Mr. de Palma, in addition to myself; we are assuming that Minister Pastore will be accompanied by his wife, Mrs. Elisa Pastore, and by his Secretary, Mr. Giuseppe Jelmini. For the power group, I think I can confirm the names indicated in Mr. de Palma's letter of August 25.

Thank you for the good memory you keep of our happy relationship: with best personal regards,

Sincerely yours,

G. Pescatore

Gabriele Pescatore

Mr. G. Stewart Mason
International Bank for
Reconstruction and Development
Washington 25, D.C.

No answer necessary
[Signature]

1020 FEB -3 AM 8:20
RECEIVED

Mod. G 3/1 aerea

2001

ROMA, September 4, 1959
PIAZZA DEI CONGRESSI N. 20 (EUR) - TEL. 5281

Dear Mr. Mason:

I have received your letter of September 1, and I am looking forward with pleasure to seeing you very shortly; our schedule is now to arrive in Washington on the evening of the 15th, as we are planning to stay in New York most of the 15th. You can always reach me at the Waldorf Astoria Hotel over the phone on that day.

The group of the Cassa will include Ing. Orsel and Mr. de Palma, in addition to myself; we are assuming that Minister Pastore will be accompanied by his wife, Mrs. Elia Pastore, and by his Secretary, Mr. Giuseppe Jelmimi. For the power group, I think I can confirm the names indicated in Mr. de Palma's letter of August 25.

Thank you for the good memory you keep of our happy relationship; with best personal regards,

Sincerely yours,

G. Pastore

Gabriele Pastore

Mr. G. Stewart Mason
International Bank for
Reconstruction and Development
Washington 25, D.C.

1959 SEP -9 AM 9: 56

RECEIVED
BANK MAIL ROOM

No answer received
King

Italy - m235
mp

Mr. S. R. Cope

September 4, 1959

G. Stewart Mason

ITALY - Senn Nuclear Power Project - Luncheon to be given for
Italian Delegation on 16 September

As set out in my memorandum of September 2 there will probably be about 15 Italian guests at the luncheon.

It is suggested that the Bank list of guests might be as follows:

Messrs. Black, Sommers and Knapp; (Mr. Iliff will be away)

EAA - Messrs. Cope, Lejeune, Mason;

TOD - Messrs. Aldewereld, Allardice, Wenzell, Finne;

Legal - Messrs. Broches, Clark, Scott;

Treasurer's - Messrs. Ramm and Cavanaugh;

fifteen persons in all.

Mr. Knapp would like to see the list of guests as approved by you.

GStewart Mason:vmc

(not for public use)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

DECLASSIFIED

CONFIDENTIAL

JUL 29 2013

**R 59-71
WBG ARCHIVES**

(For consideration by
the Executive Directors
on September 15, 1959)

FROM: The Secretary

September 4, 1959

NOTICE OF REGULAR MEETING OF EXECUTIVE DIRECTORS

PROPOSED LOAN - ITALY

The next Regular Meeting of the Executive Directors will be held in the Board Room at 10:00 a.m., Tuesday, September 15, 1959; an agenda for the meeting will be issued in due course.

Amongst other items, the attached Report and Recommendations of the President on a proposed loan to the Cassa for the construction of a nuclear power plant in Southern Italy will be considered at the meeting. ✓ - REPTS. DESK

The following form part of the President's Report and Recommendations:

- ATTACHED {
1. Draft Loan Agreement;
 2. Draft Guarantee Agreement;
 3. Draft Project Agreement;
 - REPTS. DESK - 4. A report entitled "Appraisal of the SENN Nuclear Power Plant";
 5. Statutory Loan Committee Report;
 - ATTACHED - 6. Draft Resolution authorizing the Loan.

A report on "Current Economic Position and Prospects of Italy" (R 59-30) was circulated on April 14, 1959.

Attachments

Distribution: Executive Directors and Alternates
President
Vice Presidents
Department Heads

Sec. 59-320

CONFIDENTIAL DRAFT
(Subject to change)
September 4, 1959

LOAN NUMBER _____ IT

LOAN AGREEMENT
(SENN Nuclear Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

CASSA PER OPERE STRAORDINARIE DI PUBBLICO
INTERESSE NELL'ITALIA MERIDIONALE
(CASSA PER IL MEZZOGIORNO)

Dated _____ 1959

LOAN AGREEMENT

AGREEMENT, dated _____, 1959, between INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank),
and CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA
MERIDIONALE (CASSA PER IL MEZZOGIORNO) (hereinafter called the Borrower).

ARTICLE I

Loan Regulations; Special Definitions

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto:

- (1) The term "Cassa" means Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) established by Law No. 646 of the Republic of Italy, dated the 10th of August 1950, as amended and supplemented.
- (2) The term "Borrower" means the Cassa and also includes any department or agency of the Guarantor which may be charged by the Guarantor, upon dissolution of the Cassa or otherwise, with the carrying out of the obligations of the Borrower hereunder.
- (3) The term "Agency" means any political subdivision of the Guarantor or any instrumentality of the Guarantor or of a political subdivision of the Guarantor and shall include any

institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Guarantor or a political subdivision of the Guarantor, or all or substantially all of whose obligations are guaranteed by the Guarantor or a political subdivision of the Guarantor, or the operations of which are conducted primarily in the interest of or for account of the Guarantor or a political subdivision of the Guarantor, as the case may be.

- (4) The term "SENN" means the Società Elettronucleare Nazionale "SENN" per Azioni, a società per azioni with legal domicile in Naples.
- (5) The term "Finelettrica" means Società Finanziaria Elettrica Nazionale per Azioni "FINELETTRICA".
- (6) The term "SME" means Società Meridionale di Elettricità "SME".
- (7) The term "SIP" means Società Idroelettrica Piemonte "SIP".
- (8) The term "Project Agreement" means the Agreement of even date herewith between the Bank of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time by agreement between the Bank and the other parties thereto.
- (9) The term "Subsidiary Loan Agreement" means the Agreement referred to in Section 5.06 of this Loan Agreement to be entered into between the Borrower of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time with the consent of the Bank.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to forty million dollars (\$40,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date 60 days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan

Regulations shall be at the rate of one-half of one per cent ($1/2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and commitment charge shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

ARTICLE IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The President, any Vice President or the Director General of the Borrower, and such person or persons as any of them shall appoint in writing to act in his stead, are designated as authorized representatives of the Borrower for the purposes of Section 6.12(a) of the Loan Regulations.

ARTICLE V

Particular Covenants

Section 5.01 (a) The Borrower shall exercise every right and recourse available to it to cause the Project to be carried out with due diligence and efficiency and in accordance with sound engineering, financial and business standards and practices.

(b) The Borrower shall, immediately upon the preparation thereof, cause the plans, specifications, construction schedules and cost estimates for the Project to be furnished to the Bank in such form and detail as the Bank shall reasonably request and shall promptly cause any material modifications therein to be furnished to the Bank.

(c) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operation and financial condition of the Project and the operations and financial condition of SENN. The Borrower shall at the request of the Bank enable, or take such steps as shall be necessary to enable, the Bank's accredited representatives to examine the sites, works and construction included in the Project, the operation thereof, the goods, and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the operation thereof, the goods, and the operations and financial condition of SENN.

(d) The operations and transactions of the Borrower in connection with the Project shall be accounted for by the Borrower separately from its other activities.

Section 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower such information shall include information with respect to its operations and financial condition.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no other debt shall enjoy any priority over the Loan by way of a lien on assets of the Borrower. To that end, the Borrower specifically undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien shall ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 5.04. The Borrower shall pay or cause to be paid any and all taxes, duties, charges or fees that shall be imposed on or in connection with the execution, issue, delivery or registration of this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or that shall be imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein upon this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or the registration thereof with any Agency or official, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges shall be paid without deduction for and free of any and all such taxes, duties, charges and fees. This Section shall not apply to taxation of any Bond, or payments made under the provisions of any Bond, when the beneficial holder thereof, other than the Bank, shall be an individual or corporate resident of the Guarantor.

Section 5.05. The Borrower shall cause SENN, Finelettrica, SME and SIP punctually to perform all the covenants and agreements on their part to be performed as set forth in the Project Agreement.

Section 5.06. (a) The Borrower shall enter into a loan agreement (the Subsidiary Loan Agreement), adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with SENN, Finelettrica, SME and SIP concerning the financing, construction and operation of the Project and the rights of the Borrower and the Bank with respect thereto.

(b) The Subsidiary Loan Agreement shall include inter alia provisions which will enable the Borrower and the Guarantor to carry out their respective obligations under this Agreement and the Guarantee Agreement and shall

include, without limitation: (i) the right to require that the proceeds of the Loan be applied exclusively to financing the cost of goods required to carry out the Project; (ii) the right to require that the Project be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, including the maintenance of adequate records; (iii) the right to inspect the sites, works and construction included in the Project, the operation thereof, the goods and any relevant records and documents; (iv) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to any of the foregoing, to the operation and financial condition of the Project, to the operations and financial condition of SENN and, to the extent that such information shall relate to their ability to perform their obligations under the Project Agreement and under the Subsidiary Loan Agreement, to the financial condition of Finelettrica, SME and SIP. The Subsidiary Loan Agreement shall also include an undertaking by SENN to perform its obligations under the Project Agreement and appropriate provisions whereby further access by SENN to the proceeds of the Loan may be suspended or cancelled by the Borrower, upon failure by SENN to carry out the terms of the Subsidiary Loan Agreement.

(c) Except as the Bank shall otherwise agree, the Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank; and (except as aforesaid) the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

Section 5.07. Unless otherwise agreed between the Borrower and the Bank, if SENN shall repay, in advance of maturity, part, or all, of its indebtedness under the Subsidiary Loan Agreement, the Borrower shall repay, in advance of maturity, an equivalent amount of the Loan. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall be applicable to the extent that they are not inconsistent herewith.

ARTICLE VI

Remedies of the Bank

Section 6.01. (i) If any event specified in paragraph (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days, or (ii) if any event specified in paragraph (c) or (j) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following are specified as additional events for the purposes of Section 5.02 (j) of the Loan Regulations:

(a) Circumstances shall have arisen which shall make it improbable that an appropriate supply of nuclear fuel will be available for the Project.

(b) The Letter of Intent between SENN and the International General Electric Co., dated February 4, 1959, or any extension thereof, shall have terminated before a definitive contract between SENN and the General Electric Co., or a subsidiary thereof, with terms as outlined in general in said Letter of Intent, shall have become effective; or, before the completion of its portion of the Project, the General Electric Co. or

such subsidiary shall have permanently discontinued work on the Project or shall have discontinued work on the Project for an unreasonable time and in either event no other arrangement satisfactory to the Bank shall have been made by SENN to complete the Project.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified for the purposes of Section 9.01 (a)(ii) of the Loan Regulations:

(a) The Subsidiary Loan Agreement has been duly executed in form satisfactory to the Bank and has become fully effective and binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement.

(b) Arrangements satisfactory to the Bank have been made for the supply of nuclear fuel for the Project.

(c) Except as the Bank shall otherwise agree, SENN has obtained all necessary consents and approvals for the construction and operation of the Project.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02(e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank:

(a) that, except as stated in such opinion, SENN has full power and authority to construct and operate the Project and has all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given;

(b) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and

constitutes a valid and binding obligation of the parties in accordance with its terms;

(c) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, that all acts, consents, validations and approvals necessary under the laws of the Guarantor to render said Agreement valid and effective have been duly performed or given and that the said Agreement constitutes a valid and binding obligation of the parties in accordance with its terms.

Section 7.03. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

Section 8.01. The Closing Date shall be August 31, 1963.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms:

INTBAFRAD, Washington, D.C.

For the Borrower:

Cassa per il Mezzogiorno
Piazza dei Congressi N.20 (EUR)
Rome, Italy

Alternative address for cablegrams and radiograms:

CASMEZ, Rome

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
President

CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA MERIDIONALE (CASSA PER IL MEZZOGIORNO)

By _____
President

SCHEDULE I

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in dollars)*</u>
February 15, 1964	\$ 762,000
August 15, 1964	785,000
February 15, 1965	808,000
August 15, 1965	833,000
February 15, 1966	857,000
August 15, 1966	883,000
February 15, 1967	910,000
August 15, 1967	937,000
February 15, 1968	965,000
August 15, 1968	994,000
February 15, 1969	1,024,000
August 15, 1969	1,055,000
February 15, 1970	1,086,000
August 15, 1970	1,119,000
February 15, 1971	1,152,000
August 15, 1971	1,187,000
February 15, 1972	1,223,000
August 15, 1972	1,259,000
February 15, 1973	1,297,000
August 15, 1973	1,336,000
February 15, 1974	1,376,000
August 15, 1974	1,417,000
February 15, 1975	1,460,000
August 15, 1975	1,504,000
February 15, 1976	1,549,000
August 15, 1976	1,595,000
February 15, 1977	1,643,000
August 15, 1977	1,692,000
February 15, 1978	1,743,000
August 15, 1978	1,795,000
February 15, 1979	1,849,000
August 15, 1979	1,905,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05(b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<u>Time of Prepayment or Redemption</u>	<u>Premium</u>
Not more than 3 years before maturity	$\frac{1}{2}\%$
More than 3 years but not more than 6 years before maturity	$1\frac{1}{2}\%$
More than 6 years but not more than 11 years before maturity	$2\frac{1}{2}\%$
More than 11 years but not more than 16 years before maturity	$3\frac{1}{2}\%$
More than 16 years but not more than 18 years before maturity	5 %
More than 18 years before maturity	6 %

SCHEDULE 2

Description of Project

The Project consists of a complete nuclear power station (the Garigliano Nuclear Power Station), to be located at S. Venditto approximately 7 kilometers from the mouth of the Garigliano River in Southern Italy, of the type generally described as a boiling water cooled and moderated, enriched uranium fuelled, nuclear power reactor, having the following performance characteristics:

Gross generator output	160,000 KWe
Net electric output	150,000 KWe
Reactor Power	507,800 KWth
Net Plant heat rate	11,553 BTU/KWH
Reactor Pressure	1,015 psia
Secondary steam generator pressure	500 psia

International General Electric Operations S.A. will be responsible for the general design of the plant and will supply and erect the nuclear portions. SENN has been informed that there is a possibility that reactor power may be substantially increased, and accordingly the Project may include certain oversized components to permit the later installation of additional turbogenerator facilities which are not, however, included in the Project.

The Project also includes the necessary turbogenerator and conventional power plant equipment, the civil works necessary for the complete station, a related primary step-up substation, approximately 100 kilo-

meters of single circuit 220 KV transmission lines connecting the power station to the substations at Ceprano and Fratta Maggiore, the fabrication and installation of the first core of the reactor and the fabrication of certain spare fuel elements, spare parts for the complete station, and the engineering and administrative work necessary during the design and construction period.

The Project is expected to be available for the supply of electricity in August 1963.

SCHEDULE 3

Modifications of the Loan Regulations

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows:

- (a) Section 2.02 is deleted.
- (b) The second sentence of Section 3.01 is amended to read as follows:
"The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the currency of the Guarantor or acquired from sources within the territory of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any convertible currency selected by the Bank."
- (c) The following sentence is added to Section 3.05:
"If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank."
- (d) The second sentence of Section 4.01 is amended to read as follows:
"Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the territories of any country (other than Switzerland) which is not

a member of the Bank or for goods produced in (including services supplied from) such territories."

- (e) The last paragraph of Section 5.02 is amended to read as follows:

"The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section."

- (f) Section 6.17 is amended by inserting the words "or the Project Agreement" after the words "the Guarantee Agreement".

- (g) Sections 7.01 and 7.02 are amended to read as follows:

"Section 7.01. Enforceability. The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement, the Project Agreement, the Guarantee Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article

to assert any claim that any provision of these Regulations or of the Loan Agreement, the Guarantee Agreement, the Project Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

"Section 7.02. Obligations of Guarantor. The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or SENN or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or SENN, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower or SENN; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or SENN or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or of the Project Agreement contemplated by the terms thereof; any modification or amplification of any other document related to the Loan or related to any security therefor; or any failure of the Borrower or SENN to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or Agency of the Guarantor."

- (h) Section 7.03 is amended by inserting the words "or Project Agreement" after the words "Guarantee Agreement".
- (i) Paragraph 6 of Section 10.01 is amended to read: "The term 'Guarantor' means the Republic of Italy."
- (j) Paragraph 14 of Section 10.01 is amended to read as follows:
"The term 'external debt' means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium."

92

CONFIDENTIAL DRAFT
(Subject to change)

September 1, 1959

LOAN NUMBER _____ IT

GUARANTEE AGREEMENT
(SENN Nuclear Power Project)

between

REPUBLIC OF ITALY

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated _____ 1959

GUARANTEE AGREEMENT

AGREEMENT, dated _____, 1959, between REPUBLIC OF ITALY (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement, the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to forty million dollars (\$40,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such Loan and the obligations of the Borrower in respect thereof; and

WHEREAS in the Loan Agreement the Bank and the Borrower have agreed to accept all the provisions of Loan Regulations No. 4, dated June 15, 1956, a copy of which has been furnished to the Guarantor, subject, however, to the modifications of said Loan Regulations set forth in Schedule 3 to the Loan Agreement, said Loan Regulations as so modified being hereinafter called the Loan Regulations; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such Loan and the obligations of the Borrower in respect thereof;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the Loan Regulations, as above defined, with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in the Loan Agreement shall have the respective meanings therein set forth.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of and interest and other charges on the Loan and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes:

- (i) to take all such action as shall be required on its part to assure that SENN shall have available to it the nuclear fuel necessary for the efficient operation of the Project; and
- (ii) to take appropriate executive action under future and existing legislation to assure the efficient construction and operation of the Project.

ARTICLE III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or any Agency or the Banca d'Italia as security for any external debt, such lien shall ipso facto equally and ratably secure the payment of the principal of and interest and other charges on the Loan and the Bonds and that in the creation of any such lien express provision shall be made to that effect; provided, however, that this Section shall not apply to:

(a) any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property;

(b) any lien on commercial goods to secure a debt maturing not more than one year after its incurrence and to be paid out of the proceeds of sale of such commercial goods; or

(c) any lien created by the Banca d'Italia on any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its incurrence.

Section 3.02. (a) The Bank and the Guarantor shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territory of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof; and the Guarantor shall promptly inform the Bank of any conditions which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor will at the request of the Bank afford to the Bank all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territory of the Guarantor for purposes consistent with the spirit and purposes of the Loan.

Section 3.03. The Guarantor covenants that the principal of and interest and other charges on the Loan and the Bonds will be paid without deduction for and free from any taxes, fees or charges imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor or any Agency. The foregoing provisions of this Section shall not apply to taxation of, or charges or fees upon, payments under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. The Guarantor covenants that the Loan Agreement and the Bonds and the Project Agreement and this Agreement will be free of any issue, stamp or other tax, fee or charge imposed by the Guarantor or any Agency or any taxing authority thereof or therein.

ARTICLE IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister for the Treasury of the Guarantor and such person or persons as he shall designate in writing to act in his stead, are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12(b) of the Loan Regulations.

ARTICLE V

Section 5.01. The Guarantor shall take such action as shall be necessary to enable the Borrower to carry out all its obligations under the Loan Agreement and, until termination of this Agreement pursuant to Section 9.05 of the Loan Regulations, shall to the extent that the Cassa shall not at any time have been continued in existence with all the powers and resources necessary for the carrying out of such obligations, assign the carrying out of such obligations to another Agency with all the powers and resources necessary therefor.

ARTICLE VI

Section 6.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Guarantor:

Ministry of the Treasury
Via XX Settembre
Rome
Italy

For the Bank:

International Bank for Reconstruction and
Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Section 6.02. The Minister for the Treasury of the Guarantor in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 6.03. In this Guarantee Agreement any reference to the Minister for the Treasury of the Guarantor shall include a reference to any Minister of the Guarantor for the time being acting for or on behalf of the Minister for the Treasury of the Guarantor.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF ITALY

By _____
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
President

CONFIDENTIAL DRAFT
(Subject to Change)
September 1, 1959

LOAN NUMBER _____ IT

PROJECT AGREEMENT
(SENN Nuclear Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN"
PER AZIONI

and

SOCIETA' FINANZIARIA ELETTRICA NAZIONALE
PER AZIONI "FINELETTRICA"

and

SOCIETA' MERIDIONALE DI ELETTRICITA' "SME"

and

SOCIETA' IDROELETTRICA PIEMONTE "SIP"

Dated _____ 1959

PROJECT AGREEMENT

AGREEMENT, dated _____, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the one part and SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN" PER AZIONI (hereinafter called SENN), SOCIETA' FINANZIARIA ELETTRICA NAZIONALE PER AZIONI (hereinafter called Finelettrica), SOCIETA' MERIDIONALE DI ELETTRICITA' (hereinafter called SME) and SOCIETA' IDROELETTRICA PIEMONTE (hereinafter called SIP), of the other part.

WHEREAS by agreement of even date herewith between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (hereinafter called the Borrower), which agreement and the schedules and loan regulations therein referred to and incorporated, together with any changes which may be made therein in accordance with the provisions thereof, are hereinafter called the Loan Agreement, the Bank has agreed to make a loan to the Borrower in various currencies in an amount equivalent to forty million dollars (\$40,000,000) on the terms and conditions set forth in the Loan Agreement, to be re-lent to SENN, but only on condition that SENN, Finelettrica, SME and SIP agree to undertake certain obligations to the Bank as hereinafter provided; and

WHEREAS SENN, Finelettrica, SME and SIP have agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement (as above defined)

shall have the respective meanings therein set forth.

ARTICLE II

Particular Covenants of SENN

SENN hereby covenants as follows:

Section 1. SENN will carry out the Project with due diligence and efficiency and in accordance with sound engineering and financial standards.

Section 2. SENN will, immediately upon the preparation thereof, furnish to the Bank the plans, specifications, construction schedules and cost estimates for the Project in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications will be promptly furnished to the Bank.

Section 3. SENN will maintain books, accounts and records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of construction and the results of operation of the Project, and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SENN.

Section 4. SENN will furnish or cause to be furnished to the Bank all such information, at such times, in such form and in such detail as the Bank shall reasonably request, relating to expenditures on the Project, the progress of construction of the Project, the operation of the Project, the goods, and the operations and financial condition of SENN.

Section 5. SENN will enable accredited representatives of the Bank to inspect the sites, works and construction included in the Project, the goods, and any other properties or equipment owned or operated by SENN; to examine any books, accounts, records, contracts, orders, invoices, studies, reports or

other documents relating to expenditures for the Project or to the progress of construction, maintenance and results of operation of the Project or otherwise to the operations and financial condition of SENN.

Section 6. SENN will at all times operate its business and maintain, renew, repair and operate its plants, machinery, equipment and property, including the Project, all in accordance with sound engineering, financial and public utility standards and practices.

Section 7. In order to carry out this Agreement it is necessary that the corporate existence of SENN and its right to carry on operations be maintained, and that (except as the Bank shall otherwise agree in writing) all rights, powers, concessions, privileges and franchises necessary for the conduct of its business and for the construction and operation of the Project be acquired, maintained and renewed.

Section 8. In order that the Bank and SENN may cooperate to the fullest extent in assuring that the purposes of this Agreement shall be accomplished:

(a) SENN will promptly inform the Bank of any condition which prevents, or threatens to prevent, the performance by SENN of its obligations under this Agreement or the Subsidiary Loan Agreement.

(b) Each party to this Agreement shall, from time to time, as any other party shall reasonably request, afford such other party all reasonable opportunity for exchanges of views between their respective accredited representatives in regard to any and all matters relating to the Project and the matters covered by this Agreement and the Subsidiary Loan Agreement.

Section 9. SENN will, as soon as practicable, and, unless the Bank shall otherwise agree, in any event within 60 days after the date of this Agreement, enter, together with Finelettrica, SME and SIP, into an agreement

(the Subsidiary Loan Agreement) with the Borrower providing for the terms and conditions on which the Borrower will finance the Project. Such agreement and any arrangements necessary therewith will comply with the requirements of the Loan Agreement and include an undertaking by SENN, Finelettrica, SME and SIP to the Borrower to perform their respective obligations under this Agreement.

Section 10. Except as the Bank and the Borrower shall otherwise agree, SENN (i) will not amend its charter and (ii) will not repay any shareholders' advances provided for the construction of the Project.

Section 11. SENN will insure against such risks and in such amounts as shall be appropriate in the circumstances for a plant of the character of the Project and, except as the Bank shall otherwise agree, SENN will insure or cause to be insured the goods to be used for the construction and operation of the Project against risks incident to their purchase and importation into the territory of the Guarantor and the delivery thereof to the site of the Project.

Section 12. SENN will do everything necessary to carry out its obligations under this Agreement.

ARTICLE III

Provisions Relating to Finelettrica, SME and SIP

Section 1. Finelettrica, SME and SIP unconditionally guarantee, jointly and severally, the due and punctual performance by SENN of all the covenants and agreements on the part of SENN to be performed under this Agreement and under the Subsidiary Loan Agreement. If Finelettrica, SME or SIP are required to provide funds to SENN under this Article, such funds shall be provided as capital or as shareholders' advances.

Section 2. Finelettrica, SME and SIP shall join in the Subsidiary Loan Agreement as sureties, granting joint and several suretyship for the due

and punctual performance of all the obligations of SENN to be performed thereunder.

Section 3. Finelettrica, SME and SIP shall cause the Project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, acting in SENN's stead in the fulfillment of all obligations under the present Agreement and the Subsidiary Loan Agreement in the event that SENN should not fulfill such obligations.

Section 4. Finelettrica, SME and SIP shall give to the Bank such information as the Bank shall reasonably request relating to their financial condition to the extent that such information shall relate to their ability to perform their obligations under this Agreement and under the Subsidiary Loan Agreement.

Section 5. The obligations of Finelettrica, SME and SIP under this Agreement shall not be impaired by: (i) any extension of time or forbearance given by the Bank or the Borrower to SENN; or (ii) any assertion of, or failure to assert, any right or remedy of the Bank or Borrower against SENN, provided that no such extension of time, or forbearance, or assertion of, or failure to assert, any such right or remedy, shall be deemed to impair the rights of Finelettrica, SME and SIP against SENN.

ARTICLE IV

Loan Agreement

The obligations undertaken by SENN, Finelettrica, SME and SIP in this Agreement shall not in any way prejudice the powers of the Borrower pursuant to Section 5.06 of the Loan Agreement.

ARTICLE V

Effective Date; Termination

Section 1. This Agreement shall come into force and effect on the date when the Loan Agreement and the Guarantee Agreement shall become effective as provided in the Loan Agreement.

Section 2. This Agreement shall terminate and the obligations of the parties hereunder shall cease and determine: (i) if, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan Agreement; (ii) if the requirements set forth in Section 9 of Article II and Section 2 of Article III hereof shall not be complied with and the Bank shall notify SENN of its election to terminate this Agreement; (iii) by agreement between the Bank, the Borrower and SENN; or (iv) if and when all principal, interest and other sums payable by SENN, Finelettrica, SME and SIP under the Subsidiary Loan Agreement shall have been paid.

ARTICLE VI

Miscellaneous Provisions

Section 1. No holder (other than the Bank) of any Bond shall by virtue of being holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

Section 2. Any notice, demand or request required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made when it shall be delivered in writing or by telegram, cable or radiogram to the party to which such notice, demand or request is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by

notice in writing to the party giving or making such notice, demand or request.

The addresses so specified are:

(a) For the Bank:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

(b) For SENN:

Società Elettromucleare Nazionale "SENN"
per Azioni
Via Torino, 6
Roma
Italia

(c) For Finelettrica:

Società Finanziaria Elettrica Nazionale
Via Aniene, 14
Roma
Italia

(d) For SME:

Società Meridionale di Elettricità
Via P.E. Imbriani, 42
Napoli
Italia

(e) For SIP:

Società Idroelettrica Piemonte
Via Bertola, 40
Torino
Italia

Section 3. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

Section 4. SENN, Finelettrica, SME and SIP shall each furnish to the Bank sufficient evidence of the authority of the person or persons who will, on its behalf, take any action or execute any documents required or permitted

to be taken or executed, pursuant to any of the provisions of this Agreement, and the authenticated specimen signature of each such person.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By _____
President

SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN"
PER AZIONI

By _____
Authorized Representative

SOCIETA' FINANZIARIA ELETTRICA NAZIONALE
PER AZIONI "FINELETTRICA"

By _____
Authorized Representative

SOCIETA' MERIDIONALE DI ELETTRICITA' "SME"

By _____
Authorized Representative

SOCIETA' IDROELETTRICA PIEMONTE "SIP"

By _____
Authorized Representative

97

STATUTORY LOAN COMMITTEE REPORT

To: The President, International Bank for Reconstruction and Development

Report of Loan Committee under Section 4(iii) of Article III of the Articles of Agreement on the Proposed Loan (SENN Nuclear Power Project) to Cassa per il Mezzogiorno to be guaranteed by Republic of Italy.

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4(iii) of Article III of said Articles in respect of the proposal that the Bank grant to the Cassa per il Mezzogiorno a loan in an amount in various currencies equivalent to U.S. \$40,000,000, which loan is to be guaranteed by the Republic of Italy. The purpose of said loan is to assist in the financing of the cost of goods and services required to carry out a nuclear power project to be constructed and operated by Società Elettronucleare Nazionale "SENN" per Azioni.

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement and that said project is designed to promote the development of the productive facilities and resources of Italy and is in the interests of Italy and of the members of the Bank as a whole.

3. Accordingly, the Committee finds that said project merits financial assistance from the Bank and hereby recommends said project for such assistance.

COMMITTEE

/s/ J. Burke Knapp

/s/ Carlo Perrone Capano

/s/ Peter G. Ramm

/s/ S. R. Cope

/s/ A. D. Spottswood

/s/ A. Broches

Dated at Washington, D.C.
September 1, 1959

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

RESOLUTION NO.

Approval of Loan to Cassa per il Mezzogiorno (SENN Nuclear Power Project) in the amount of \$40,000,000 to be guaranteed by Republic of Italy.

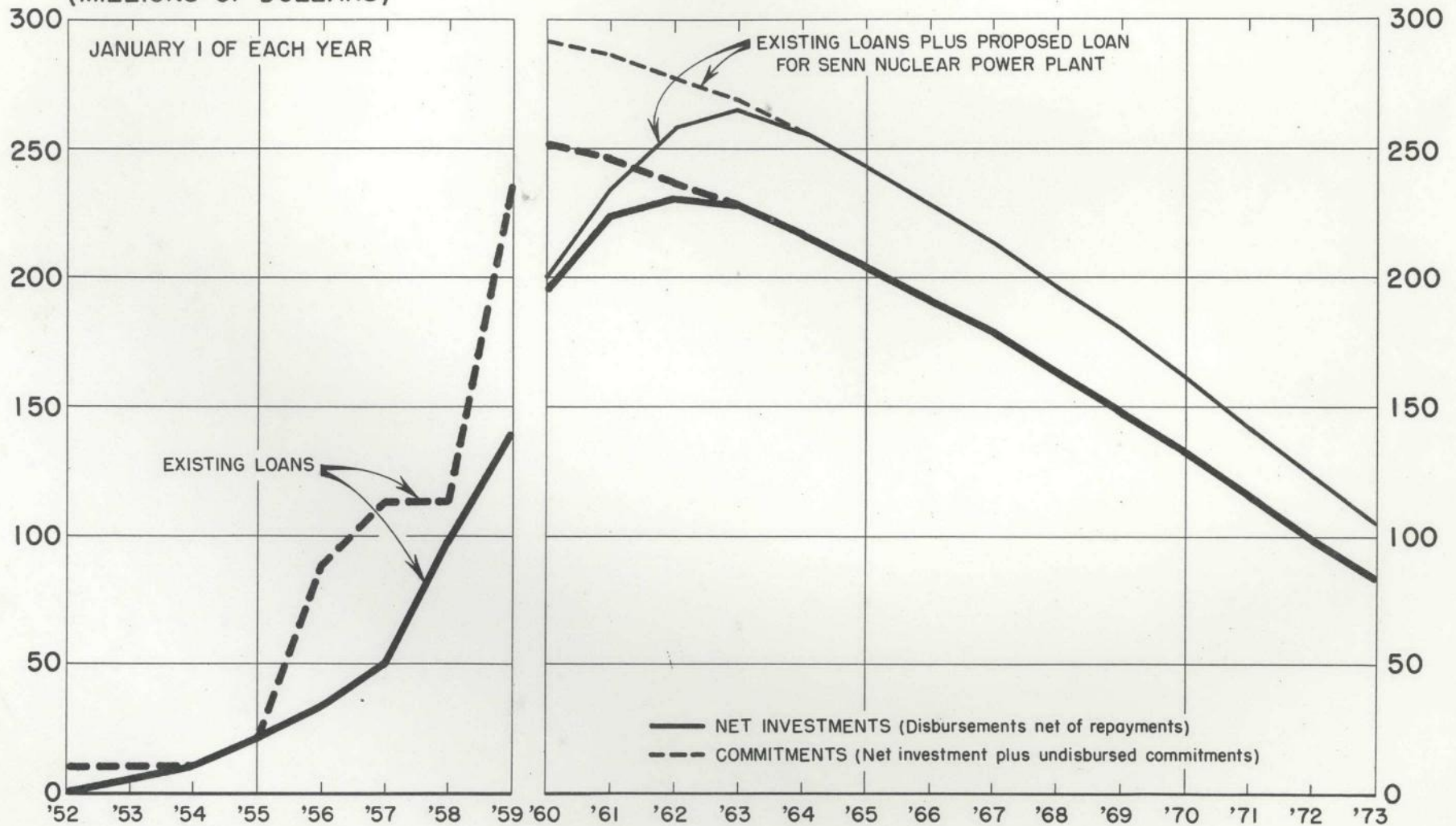
RESOLVED:

1. THAT, in accordance with the recommendations of the President, dated September 4, 1959, the Bank shall grant a loan to Cassa per il Mezzogiorno, to be guaranteed by the Republic of Italy, in an amount in various currencies equivalent to \$40,000,000, to mature on and prior to August 15, 1979, to bear interest (including commission) at the rate of 6% per annum, and to be upon other terms and conditions substantially in accordance with the terms and conditions set forth in the form of Loan Agreement (SENN Nuclear Power Project) between the Bank and Cassa per il Mezzogiorno, the form of Guarantee Agreement (SENN Nuclear Power Project) between Republic of Italy and the Bank and the form of Project Agreement between the Bank and Società Elettronucleare Nazionale "SENN" per Azioni, Società Finanziaria Elettrica Nazionale per Azioni "FINELETTRICA", Società Meridionale di Elettricità "SME" and Società Idroelettrica Piemonte "SIP" which have been presented to this meeting.

2. THAT the rate of commission to be charged in connection with said loan shall be 1% per annum of the principal amount of said loan from time to time outstanding and held or guaranteed by the Bank; that said commission shall be included as part of the interest and service charge

on said loan and shall be payable semi-annually on the dates for the payment of said interest and service charge; and that the amount of said commission so paid to the Bank shall be set aside in the special reserve as provided in Section 6 of Article IV of the Articles of Agreement of the Bank.

BANK LOANS TO ITALY: NET INVESTMENTS AND COMMITMENTS INCLUDING PARTICIPATIONS AND SALES FROM PORTFOLIO (MILLIONS OF DOLLARS)



Italy-SENN

September 4, 1959

Mr. Emilio Mayer
Banca Commerciale Italiana
14 Wall Street
New York 5, N.Y.

Dear Mr. Mayer:

Legal

I have received your letter of September 1, 1959 and the attached documents relating to action of the Board of Directors of Societa' Idroelettrica Piemonte "SIP" in connection with the World Bank's proposed loan for the SENN Nuclear Power Project. Thank you for sending them so quickly. You may confirm to Societa' Idroelettrica Piemonte that the documents are in order.

We are looking forward to seeing you at the loan signing.

Sincerely yours,

Hugh Scott

Italy - SENN

OFFICE MEMORANDUM

TO: Files *NB*

DATE: September 3, 1959

FROM: Neil Bass and Corbin Allardice *Corbin Allardice*

SUBJECT: Senn Project - Italy

Pursuant to the request made by Bank representatives during the meeting with members of International General Electric staff in the Bank's offices on August 27, the Bank has received the text of a draft contract between Senn and International General Electric Operations Societe Anonyme (IGEOSA) and identified as "Text Agreed Upon in August 1959."

We have each read the draft contract but, inasmuch as copies of the Attachments which are an integral part of the contract were not furnished the Bank, we were not able to review them. On the assumption, which we believe to be valid, that these attachments are consistent in detail with the principles set forth in the contract draft, we are satisfied that the contract as a whole conforms with the intent of the project as originally established and discussed with the Bank.

Our views are, of course, subject to modification upon reading the actual attachments A through H referred to in the contract.

NB/CA:bli

cc: Messrs. Spottswood
Mason
Scott
Cavanaugh

26 July - SENN

Mr. G. Stewart Mason

September 3, 1959

J. Burke Knapp

SENN Report

Returned herewith are the SENN papers with some suggestions on the drafting of the President's Report. I understand from Mr. Cope that the side letter on financial policy is to be redrafted, and I do think the final words need clarification. After this clarification, it seems to me the letter should be distributed to the Directors along with the other loan documents.

Att.

JBK/js

STAFF LOAN COMMITTEE

Italy SENN
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MEMORANDUM TO THE STAFF LOAN COMMITTEE

Italy

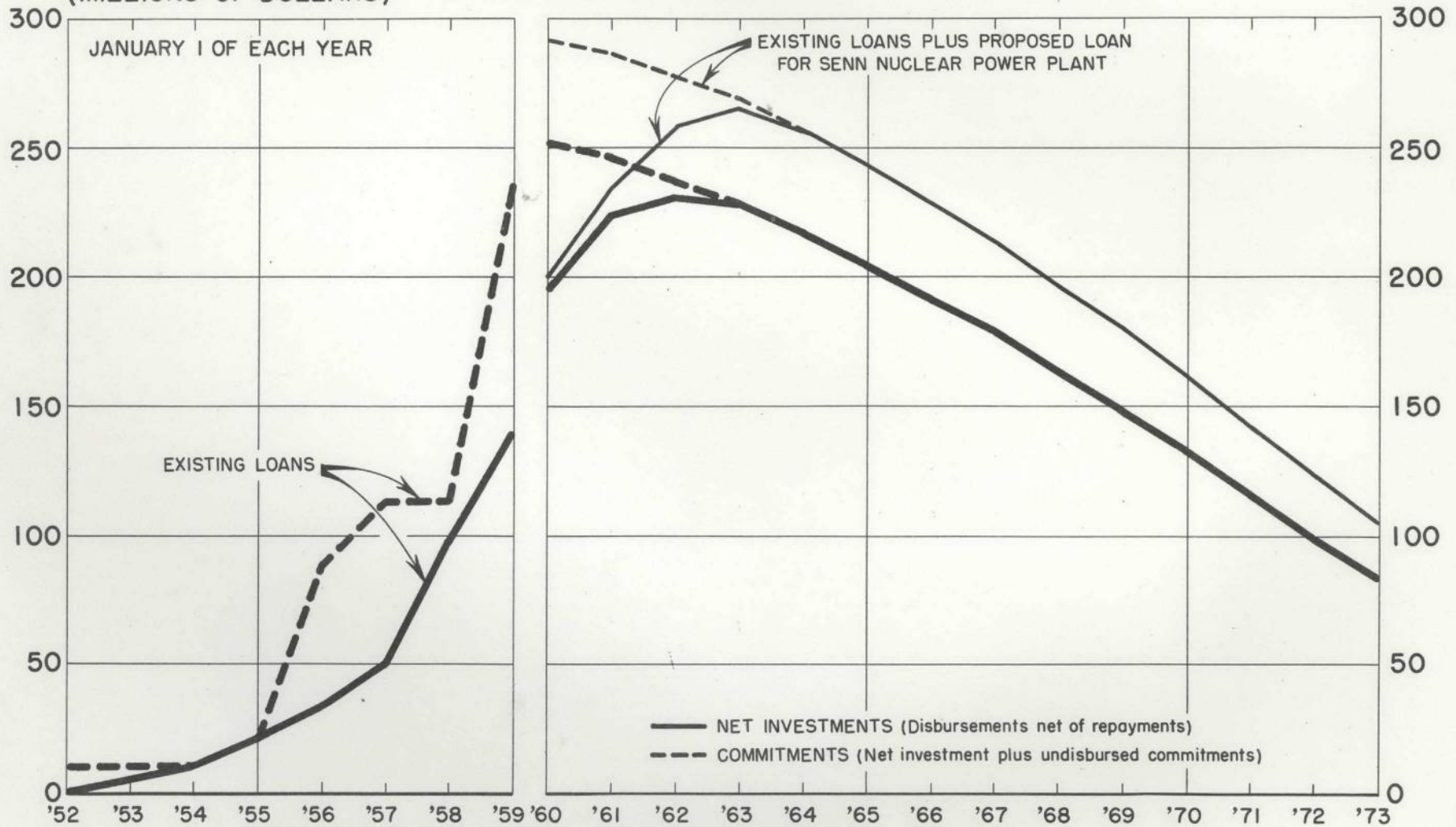
The chart on the Bank's loans to Italy, referred to in my memorandum of September 1 on the proposed loan for the SENN project, is attached for information.

Herbert G. A. Woolley
Secretary
Staff Loan Committee

September 2, 1959

BANK LOANS TO ITALY: NET INVESTMENTS AND COMMITMENTS

INCLUDING PARTICIPATIONS AND SALES FROM PORTFOLIO
(MILLIONS OF DOLLARS)



STATUTORY LOAN COMMITTEE REPORT

To: The President, International Bank for Reconstruction and Development

Report of Loan Committee under Section 4(iii) of Article III of the Articles of Agreement on the Proposed Loan (SENN Nuclear Power Project) to Cassa per il Mezzogiorno to be guaranteed by Republic of Italy.

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4(iii) of Article III of said Articles in respect of the proposal that the Bank grant to the Cassa per il Mezzogiorno a loan in an amount in various currencies equivalent to U.S. \$40,000,000, which loan is to be guaranteed by the Republic of Italy. The purpose of said loan is to assist in the financing of the cost of goods and services required to carry out a nuclear power project to be constructed and operated by Società Elettronucleare Nazionale "SENN" per Azioni.

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement and that said project is designed to promote the development of the productive facilities and resources of Italy and is in the interests of Italy and of the members of the Bank as a whole.

3. Accordingly, the Committee finds that said project merits financial assistance from the Bank and hereby recommends said project for such assistance.

COMMITTEE

/s/ J. Burke Knapp

/s/ Carlo Perrone Capano

/s/ Peter G. Ramm

/s/ S. R. Cope

/s/ A. D. Spottswood

/s/ A. Broches

Dated at Washington, D.C.
September 1, 1959

September 1, 1959

Dear Professor Pescatore:

I would like to confirm that the 16th of September has now been fixed as the day on which the loan documents for the proposed loan for the SENN Nuclear Power Project will be signed. As you wrote to me in your letter of August 5, we shall expect you in Washington on the 15th and I shall look forward to getting in touch with you at the Shoreham Hotel on that day.

Mr. Black wishes to invite to lunch on the 16th you and other members of the Italian delegation who will be coming to Washington for the signing ceremonies.

I have asked Mr. Gragnani, the Alternate Director, to convey Mr. Black's invitation to Minister Pastore and other members of the delegation. I would, however, be happy if you could let me know what members of the delegation we may expect in Washington in addition to those listed in Mr. de Palma's letter to me of August 25.

With best personal regards,

Sincerely yours,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

Professor Gabriele Pescatore
President
Cassa per il Mezzogiorno
Piazza dei Congressi 20 (EUR)
Rome, Italy

cc: Mr. Gragnani
Mr. Cope

GSMason:vmc

25 July - SEVN

WU 3

INCOMING WIRE

DATE OF WIRE: **SEPTEMBER 1, 1959**

TO: **ALLARDICE IBRD**

FROM: **ROMA**

TEXT:

ROUTING	
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INFORMATION COPY TO	
Decoded By	

SEVN ENTITLED TO OPTION PLANT POWER INCREASE UP TO ADDITIONAL
 EIGHTY MEGAWATT UNDER FOLLOWING CLAUSE STOP IGEOGA GRANTS
 SEVN RIGHT REQUIRE WITHIN THREE MONTHS EFFECTIVE CONTRACT
 DATE NECESSARY MODIFICATIONS AS IN ATTACHMENT A TO ALLOW
 POSSIBLE INCREASED REACTOR OUTPUT TO BE EXPLOITED STOP
 COST SUCH MODIFICATIONS SHALL BE AGREED ON ESTIMATES
 PREVIOUSLY MADE STOP CORDIALLY

ZERBI ELETTONUCLEATE

_____ AS RECV

INCOMING WIRE

ROUTED TO
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Decoded By

DATE OF WIRE: _____

TO: _____

FROM: _____

TEXT: _____

THIS MESSAGE IS BEING TRANSMITTED TO YOU BY TELETYPE
 UNIT OPERATING ON THE FOLLOWING CHANNELS: _____
 AND THIS MESSAGE WILL BE TRANSMITTED TO YOU BY TELETYPE
 UNIT OPERATING ON THE FOLLOWING CHANNELS: _____
 THIS MESSAGE IS BEING TRANSMITTED TO YOU BY TELETYPE
 UNIT OPERATING ON THE FOLLOWING CHANNELS: _____
 THIS MESSAGE IS BEING TRANSMITTED TO YOU BY TELETYPE
 UNIT OPERATING ON THE FOLLOWING CHANNELS: _____

TYPED
 GENERAL FILES
 CORRESPONDENCE

SEP 29 50 AM 1959

STAFF LOAN COMMITTEE *Mr. Squire*

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JUL 29 2013 P. 104

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MEMORANDUM TO THE STAFF LOAN COMMITTEE

Italy

1. As no new policy questions are involved, the Committee is requested to consider the attached draft Report and Recommendations of the President on the proposed loan for the SENN project without meeting.
2. A chart of the Bank's loans to Italy will be distributed later.
3. Comments, if any, should be sent to reach Mr. Mason (ext. 3353) by 10:00 a.m. on Friday, September 4.
4. It is planned then to distribute the loan documents to the Executive Directors for consideration at their next regular meeting on Tuesday, September 15.

Herbert G. A. Woolley
Secretary
Staff Loan Committee

September 1, 1959

IRI and Finelettrica Power System

<u>SENN Shareholders</u>	<u>Percentage of SENN held</u>	<u>Percentage of Shares held by IRI and its Subsidiaries in each SENN Shareholder</u>	
Finelettrica	2.5	IRI	70
		Finsider ^{1/}	16
SME	25	IRI	13
		Finelettrica	18
SIP	20	IRI	16
		Finelettrica	32
TERNI	10	IRI	9
		Finelettrica	20
		Finsider ^{1/}	31
STE	2.5	Finelettrica	13
		SME	20
		SIP	33
		TERNI	20
UNES	10	SME	62
		Finelettrica	.1
Vizzola	5	SIP	53
Dalmine	4	IRI	20
		Finsider ^{1/}	51
ILVA	4	IRI	15.2
		Finsider ^{1/}	65
SIAC	2	Finsider ^{1/}	100
Ansaldo	2.5	IRI	48
		Finmeccanica ^{2/}	51
Ansaldo San Giorgio	2.5	IRI	48.5
		Finmeccanica ^{2/}	51
ROMANA	7.5	None	
SGES	<u>2.5</u>	None	
	100.0%		

1/ 50.7% held by IRI

2/ 100% owned by IRI

Sept. 1959

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JUL 19 1983

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

REPORT AND RECOMMENDATIONS OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED LOAN OF \$40 MILLION TO THE CASSA
FOR THE CONSTRUCTION OF A NUCLEAR POWER PLANT
IN SOUTHERN ITALY

Department of Operations
Europe, Africa and Australasia

REPORT AND RECOMMENDATIONS OF THE PRESIDENT
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED LOAN OF \$40 MILLION TO THE CASSA
FOR THE CONSTRUCTION OF A NUCLEAR POWER PLANT
IN SOUTHERN ITALY

1. I submit the following report and recommendations on a proposed loan in various currencies equivalent to \$40 million to the Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia Meridionale (Cassa per il Mezzogiorno) to assist in the financing of a nuclear power plant to be constructed and operated by Societa' Elettronucleare Nazionale "SENN" per Azioni (SENN) on the Garigliano River in Southern Italy.

PART I - HISTORICAL

2. The Bank has already made loans in Italy aggregating the equivalent of \$259.6 million. The status of the individual loans is as follows:

<u>No.</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount (net of cancellations)</u> (equivalent in \$ million)
50 IT	Cassa per il Mezzogiorno	Development of Southern Italy	10.0
88 IT	Cassa per il Mezzogiorno	" "	10.0
117 IT	Cassa per il Mezzogiorno	" "	68.4
150 IT	Cassa per il Mezzogiorno	" "	74.6
189 IT	Cassa per il Mezzogiorno	" "	75.0
224 IT	Cassa per il Mezzogiorno	" "	<u>20.0</u>
	Total, net of cancellations:		258.0
	of which has been repaid :		<u>4.2</u>
	Total now outstanding :		253.8
	Amount sold :		24.1
	of which has been repaid :		<u>3.8</u>
	Net amount now held by Bank:		<u>233.5</u>

3. The Bank has been actively considering the application of nuclear power on a commercial scale since 1955. It appeared that Italy was a country where nuclear power should have early commercial application, and it was accordingly agreed between the Bank and the Italian Government in 1957 that a joint study would be undertaken for the examination of a large nuclear power station to be established by SENN in Southern Italy. The cost of the study was to be shared by the Bank, the Italian Government, and SENN.

4. Work on the study, which was assisted by an International Panel of nuclear scientists established by the Bank, continued until late 1958. The first phase of the work was the preparation of an invitation for tenders for the construction of a nuclear power plant at a given site. The second phase was to assist SENN to review the tenders received. Nine tenders were eventually submitted. Aided by a report of the International Panel and by a study of SENN's consultants and technical staff, SENN selected the tender put forward by the International General Electric Company, a division of General Electric Company.

5. In September and October of 1958 a Bank mission visited Rome and discussed the financial and technical aspects of the SENN project. Negotiations then took place in Washington in April, and in Rome in June.

PART II - DESCRIPTION OF THE PROPOSED LOAN

6. The main characteristics of the loan would be as follows:

<u>Borrower</u>	: Cassa per il Mezzogiorno
<u>Guarantor</u>	: The Republic of Italy
<u>Amount</u>	: Equivalent of \$40 million
<u>Purpose</u>	: To assist in financing the construction by SENN of a nuclear power plant in Southern Italy
<u>Maturity</u>	: 20 years. Amortization would be in semi-annual instalments beginning on February 15, 1964 and ending on August 15, 1979
<u>Interest Rate</u>	: 6% including 1% commission
<u>Commitment Charge</u>	: 3/4 of 1%

PART III - LEGAL INSTRUMENTS

7. The loan documents consist of the following: Loan Agreement (No. 1), Guarantee Agreement (No. 2), and Project Agreement (No. 3).

8. As in the Bank's previous loans to the Cassa for power projects, the proceeds of the loan will be re-lent by the Cassa to the company constructing the project, in this case SENN, under a Subsidiary Loan Agreement satisfactory to the Bank. Unlike these previous Cassa loans, however, the present loan will be made for a single project, and thus the Loan Agreement more nearly accords with the Bank's usual loan agreements. Attention is directed to additional provisions in the Loan Agreement as follows: (a) a provision which adds the following events of default: (i) the occurrence of circumstances which make it improbable that an appropriate supply of nuclear fuel will be available for the Project and (ii) termination of SENN's arrangements with the General Electric Company without an alternative satisfactory to the Bank before completion of the Project (Sections 6.01 and 6.02); (b) a provision requiring the Cassa to repay the Bank in advance of maturity an amount equivalent to any repayments made in advance of maturity by SENN to the Cassa (Section 5.07).

9. In Section 2.02 of the Guarantee Agreement the Guarantor agrees to take all such action as shall be required on its part to assure that SENN shall have available to it the nuclear fuel necessary for the efficient operation of the Project and to take appropriate executive action under future and existing legislation to assure the efficient construction and operation of the Project.

10. The Project Agreement will be similar to those used in past loans to the Cassa for power projects. Societa' Finanziaria Elettrica Nazionale (Finelettrica), Societa' Meridionale di Elettricit  (SME), and Societa' Idroelettrica Piemonte (SIP), three shareholders of SENN, will be additional parties to the Project Agreement guaranteeing performance of the agreement and agreeing to become sureties for the performance of all obligations (including financial) of SENN to the Cassa. In addition, the Project Agreement will contain a more specific guarantee by these three shareholders that they will cause the Project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, acting in SENN's stead in the fulfillment of all obligations under the Project Agreement should SENN not fulfill such obligations (Article III, Section 3).

11. Finelettrica, SME and SIP will also join in the Subsidiary Loan Agreement, under which the Cassa relends the proceeds of the loan to SENN, as sureties, granting joint and several suretyships for the performance of the obligations of SENN thereunder. In addition to this suretyship, the Cassa's loan to SENN will be secured by a first mortgage and a privileged lien on the real estate, plants and equipment connected with the Project.

PART IV - APPRAISAL OF THE PROPOSED LOAN

The Project

12. A report on the project entitled "Appraisal of the SENN Nuclear Power Plant" (TO 200a) is attached (No. 4).
13. The project is the construction of a nuclear power plant with a gross capacity of 160 MW. The plant would be constructed and operated by SENN. The total cost of the plant is estimated to be \$66.4 million. SENN plans to raise the equivalent of about \$26.4 million in about equal proportions by the issue of shares and by shareholders' advances, subordinated to the Bank's loan; the balance, \$40 million, would be covered by the loan from the Bank.
14. Nine of the 14 shareholders of SENN are public utility companies, the other five are industrial companies. Twelve of the fourteen are directly or indirectly controlled by the Istituto Ricostruzione Industriale (IRI). The utility shareholders form part of the Italian electric power network into which SENN's output will be fed. Three of the strongest of these utility companies will guarantee performance of the Project Agreement and become sureties for the performance of all obligations of SENN to the Cassa per il Mezzogiorno. SENN will give assurances to the Bank that it will conduct its operations in accordance with sound business principles to ensure a sound financial position.
15. The General Electric Company and its associate, Ebasco Services, would erect the plant on a "turn-key" basis, including the detailed design, supply of equipment, erection, and operation of the plant during an initial test period. The plant design includes reliable safeguards to prevent hazardous incidents and to minimize hazard to plant personnel and the surrounding area.
16. The site for SENN was chosen not only because of a good water supply and favorable conditions for the release of waste gases and disposal of radioactive waste, but also because from it the plant could be easily linked with the extensive generation and distribution system of the utility shareholders of SENN, covering about half of Italy and serving over half of the population.
17. Power demand is growing at a fast rate in the area served by this system. Studies indicate that it will be necessary to increase capacity from the 4,140 MW existing at the end of 1958 to 7,250 MW by 1965. SENN will form a small but an important part of this increase.
18. Nuclear power plants, to be economic, must use their generating capacity as fully as possible because of their high capital cost. Studies indicate that the base load requirements of the system are such that SENN could be operated at a high plant factor, i.e. at a high proportion of the number of hours in each year.

19. The cost to the Italian economy of generating nuclear power by the proposed SENN plant is calculated to be about 15% higher than the cost of generating electricity from a conventionally fueled thermal plant, both assumed to be able to operate at a high plant factor. This slight cost disadvantage, however, is more than offset by the advantage to the Italian power system in gaining experience in the building and operating of nuclear power stations, which can be expected to take up a growing portion of Italian power requirements in the years to come.

Procurement

20. General Electric Company was allotted the contract after consideration of bids from nine companies, as described in paragraph 4 above. A Letter of Intent has already been signed and a definitive contract between SENN and the International General Electric Company of Switzerland (a subsidiary of the General Electric Company) will be signed shortly. Expenditures under this contract represent about half of the total cost of the project. They include the cost of fabricating the nuclear fuel. The cost of the nuclear fuel itself has not been capitalized since arrangements are well advanced for its supply through EURATOM on a deferred payment basis.

Disbursement

21. Unlike the Bank's earlier loans to the Cassa, most of this loan is expected to be disbursed for imports.

Economic Situation

22. A report on "Current Economic Position and Prospects of Italy" dated April 13, 1959 was circulated on April 14, 1959. The report described the effects of the 1958 international recession on the Italian economy which took the form of a reduction in the hitherto rapid growth, accompanied by a great improvement in the balance of payments owing to reduced imports and a considerable increase in invisible earnings.

23. In 1958 the real increase in the gross national production was 4.1% as against 5.6% in 1957. This was mainly due to the excellent harvest. Industrial production increased by only 2.2%, the slackening in the rate of expansion being mainly because investment was no longer rising and, to a lesser extent, because the demand for exports fell off. A recovery in production began towards the end of 1958 and has continued into the spring of this year. This appears to have been due largely to increased private and government consumption. The increase in private investment has been small and the capital goods industries have not reached the rate of increase of the years before 1957, despite support from public works. Home building has not increased in spite of lower interest rates. It has been estimated that, for 1959 as a whole, the

increase in the gross national product will be about 4 to 5%. Although this is in itself satisfactory, it is less than the rapid increase of the years prior to 1957 and if no improvement takes place, it may not be sufficient to absorb the net additions to the labor force. It is against this background that some discussion has taken place in Italy over the desirability of further measures to stimulate expansion. Quite apart from special expansion measures of this sort there will be a continued need to maintain investment at a high level and the possibility of year-to-year fluctuation in Italian trade must be provided for. In these circumstances foreign exchange reserves, although substantial, are not excessive.

24. Meanwhile, the external economic position has remained favorable. The recovery in production has led to increased imports, but exports have also resumed their expansion. The rise in reserves of foreign exchange has continued since the end of 1958 and they amounted to \$2.6 billion at the end of June. Italy's external public debt is about \$850 million and service payments are less than 3% of foreign exchange earnings. The proposed Loan is well within Italy's creditworthiness.

PART V - COMPLIANCE WITH ARTICLES OF AGREEMENT

25. The report of the Committee provided for in Article III, Section 4 (iii) of the Articles of Agreement of the Bank is attached (No. 4).

26. I am satisfied that the proposed loan will comply with the Articles of Agreement of the Bank.

PART VI - RECOMMENDATIONS

27. I recommend that the Bank at this time make a loan to the Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia Meridionale in an amount in various currencies equivalent to \$40 million to be guaranteed by the Republic of Italy for a term of 20 years, with interest, commission and commitment charges and on such other terms as are specified in the attached draft Loan and Guarantee Agreements and that the Executive Directors adopt a resolution to that effect in the form attached (No. 5).

Eugene R. Black

Attachments

Washington D.C.
August 31, 1959

R O U T I N G S L I P

Date

Sept.1

OFFICE OF THE PRESIDENT

NAME

ROOM NO.

Messrs. Iliff/Sommers

1003

Action

Note and File

Approval

Note and Return

Comment

Prepare Reply

Full Report

Previous Papers

Information

Recommendation

Initial

Signature

Remarks

From

J Burke Knapp

Italy - SENW

EUGENE R BLACK
c/o WELCOME HOTEL
STRATFORD-ON-AVON
ENGLAND

AUGUST 31, 1959

NLT

WE ARE EXPECTING DISTINGUISHED ITALIAN GROUP INCLUDING MINISTER FOR
SOUTH PASTORE AND CASSA PRESIDENT PESCATORE TO VISIT WASHINGTON FOR
SENN LOAN SIGNING STOP HAVE TENTATIVELY RESERVED F STREET CLUB FOR
YOU TO GIVE THEM LUNCH ON SEPTEMBER SIXTEENTH STOP PLEASE ADVISE
WHETHER YOU WISH INVITATIONS ISSUED

KNAPP

c.c. Messrs. Iliff/Sommers
Cope

J. Burke Knapp
Vice Pres.

Italy SENN

INCOMING WIRE

DATE OF WIRE: AUGUST 31, 1959 ACR 12.

TO: IBRD

FROM: ROME

ROUTING
ACTION COPY TO MR. MASON
INFORMATION COPY TO
Decoded By

TEXT:

I HEREBY SELLECT CARLO PERRONE CAPANO AS AN EXPERT ON THE COMMITTEE PROVIDED FOR IN ARTICLE V SECTION 7 OF THE ARTICLES OF AGREEMENT OF THE BANK FOR PURPOSES OF THE PROPOSED LOAN TO CASSA PER IL MEZZO-GIORNO FOR THE SENN NUCLEAR POWER PROJECT

DONATO MENICHELLA GOVERNOR OF BANK FOR ITALY

DUPLICATE

INCOMING WIRE

ROUTING
ACTION ONLY TO
INFORMATION ONLY TO
Decoded By

DATE OF WIRE: MARCH 2, 1959

TO

FROM

TEXT

1. THE WIRE IS TO BE RECORDED IN THE FILE OF THE
 2. THE WIRE IS TO BE RECORDED IN THE FILE OF THE
 3. THE WIRE IS TO BE RECORDED IN THE FILE OF THE
 4. THE WIRE IS TO BE RECORDED IN THE FILE OF THE
 5. THE WIRE IS TO BE RECORDED IN THE FILE OF THE

MAR 31 11 40 AM 1959

GENERAL FILE

FILED

OFFICE MEMORANDUM

TO: Files

DATE: August 28, 1959

FROM: G. Stewart Mason *gsm*

SUBJECT: Italy - Proposed Loan for SENN Nuclear Power Project

1. International General Electric Company of Switzerland, a subsidiary of General Electric, is about to sign a contract to establish the SENN nuclear power station for a total amount of \$34.9 million.

2. Accordingly, at our request Messrs. Doughman and Smith of the International General Electric Company, New York came to Washington to discuss the draft contract.

3. Mr. Doughman and Mr. Smith, and Mr. Fridell of the Washington Office, met yesterday morning with Messrs. Allardice, Spottswood, Bass, Scott, Perez, Verheyen and myself. In the course of our discussions, the following matters came to light:

- (a) The Board of Directors of SENN would probably meet on September 3 to consider the contract between SENN and the International General Electric Company of Switzerland. It was expected that the definitive contract would be signed in Geneva between the 4th and the 10th of September, i.e. about a week before the signing of the Loan Documents in Washington. Mr. Doughman is to let us know as soon as it has been signed. In the meantime, General Electric has agreed to extend the Letter of Intent for two months as from August 9, 1959;
- (b) Escalation is now limited to 10% and starts from the date of the signing of the contract;
- (c) There will be two years of periodic payments under the contract, amounting to about 45% of the total amount. Thereafter, payments will be made as the project progresses.

4. As Mr. Doughman now sees it, between \$25 and \$26 million will be spent in the United States. The remainder, i.e. the equivalent of \$8 to \$9 million, will be spent in Italy. There will not be purchases elsewhere.

5. Mr. Doughman said that SENN had now decided not to include in the Project oversized components to permit the installation of additional turbogenerator facilities later. After confirmation from SENN, the TOD Report will be changed to take care of this decision.

6. Mr. Doughman and Mr. Smith's main questions, however, concerned the manner in which they would receive payment from SENN. General Electric had been pressing SENN for an irrevocable Letter of Credit but SENN had

refused to pay the amount of one half per cent which the Cassa would have had to pay the Bank for this privilege. General Electric's questions, therefore, concerned the manner in which they could be protected without having to pay this fee themselves. General Electric seemed to have two fears: 1) that the Bank would cancel the Loan, and 2) that SENN would not pay them and that they would have an unfinished project on their hands without having any recourse except to stop work on the project and sue for the cancellation penalty.

7. We pointed out that, as far as the Bank was concerned, in the case of default, it would involve prematuring of all our loans to the Cassa, which now amounts to about \$260 million and it seemed to us very unlikely that this would ever occur. Under our Loan Agreement, SENN was bound to complete the project and make available the funds for this completion. The only way in which they could get out of their obligation to the Bank would be to repay the Bank for any disbursements made and cancel the Loan. Mr. Doughman and Mr. Smith still seemed to think that there was some risk to General Electric and they are going to explore the question of an irrevocable Letter of Credit further and let us know.

8. Mr. Doughman had only one copy of the draft Contract so we have not been able to read it. A copy is to be sent to us in the next few days.

cc: Messrs. Allardice
Spottswood
Bass
Scott
Perez
Verheyen

GSMason:fgs

Italy-235mp

28th August 1959

My dear friend,

I hope you enjoyed a well-deserved holiday and that this letter of mine finds you in perfect health.

I am writing to you to tell you that the Italian Mission will be composed as follows: Hon. Prof. Tommaso Zerbi (President of SENN); Dr. Giuseppe Angelucci (Managing Director of SENN); Dr. Bruno Bianchi (General Manager of Finelettrica). Dr. Rossi of the Banco di Napoli - New York branch, is authorized to sign for the Società Meridionale di Eletticità; and Dr. Emilio Mayer of the Banca Commerciale Italiana of New York is authorized to sign for the Società Idroelettrica Piemonte "SIP". The President of IRI, Hon. Fascetti, will also be in Washington, for the signature. I suppose the Cassa per il Mezzogiorno will have sent you, directly, the list of its representatives.

The SENN-"Finelettrica" Delegation will leave Rome on the 12th, arriving in Washington on the morning of Sunday the 13th and will put up at the Carlton Hotel.

As usual, we shall come to you, at the Bank, the morning of the day before, or on the 14th, at whatever time you like to fix.

I should like to say once more how grateful we are for the work carried out in common with our experts for the preparation of all the instruments necessary for such an important operation. Looking forward to seeing you soon,

With best regards,

Yours sincerely,

(Dr. Ing. Bruno Bianchi)

Mr. G. STEWART MASON
c/o International Bank for Reconstruction
and Development
1818 H Street, N.W.
WASHINGTON 25, D.C.

ROMA 28 Agosto 1959
VIA ANIENE, 14
841.341

VIA AEREA

Caro amico,

spero che Lei abbia potuto godere ottime e meritate vacanze e che questa mia lettera La trovi in perfetta salute.

Le scrivo per comunicarLe che la Missione italiana sarà composta dai Signori: On. Prof. Tommaso Zerbi (Presidente della SENN); Dr. Ing. Giuseppe Angelucci (Consigliere Delegato della SENN); Dr. Ing. Bruno Bianchi (Direttore Generale della Finelettrica). Per la Società Meridionale di Elettricità, è delegato alla firma il Dott. Rossi del Banco di Napoli - Sede di New York; e per la Società Idroelettrica Piemonte "SIP", è delegato, per la firma, il Dott. Emilio Mayer della Banca Commerciale Italiana di New York. Sarà anche a Washington, in occasione della firma, il Presidente dell'IRI On. Fascetti. Ritengo che la Cassa per il Mezzogiorno Le abbia fatto avere, direttamente, l'elenco dei suoi rappresentanti.

La Delegazione SENN-"Finelettrica" partirà da Roma il giorno 12 per essere a Washington nella mattinata di domenica 13 e scenderà all'Albergo Carlton.

Come di norma, noi saremo presso di Lei, alla Banca, la mattina del giorno precedente, oppure addirittura il giorno 14, a quell'ora che Lei si compiacerà indicarci.

Mentre Le rinnovo i sensi della nostra gratitudine per il lavoro svolto in comune coi nostri tecnici per la preparazione di tutti gli strumenti necessari a così importante operazione e al piacere di presto poterLe stringere la mano, La prego gradire i miei migliori saluti.

(Dr. Ing. Bruno Bianchi)

affuso ; *Bianchi*

Mr. G. STEWART MASON
c/o International Bank for Reconstruction
and Development
1818 H Street, N. W.
WASHINGTON 25, D. C.

1959 AUG 27 11:35
No answer necessary from

RECEIVED
BANK MAIL ROOM

1959 AUG 31 AM 11:32

WASHINGTON 25, D. C.
1818 H Street, N. W.
and Delegation
c/o International Bank for Reconstruction
Mr. G. STEWART MAGON

[Handwritten signatures and initials]

(Dr. Ing. Bruno Bianchi)

intra migliori servizi.
Biscere di questo boterle arringere le mane, le blege flegite i
di tutti gli arringenti necessari e con i probolante obelazione e al
il lavoro svolto in comune coi nostri tecnici per la prefessione
Mentre le riprolo i servizi della nostra flegitudine per

la a dicit, ora che lei si compiacere indicalci.
ce' la mattina del giorno precedente, oppure addirittura il giorno
Come di norma, noi saremo presso di lei, alla Ban-
13 e ascendera all'Aeroporto Capital.
il giorno 13 per essere a Washington nella mattinata di domenica
La Delegation ZEMM-"Elettrotecnica" bardi di Roma

representanti.
Mezzogiorno le abbia fatto avere, direttamente, il elenco dei suoi
il Presidente dell'IBR-OM, Francesco Bianchi che in Congo per il
di New York, sarà anche a Washington, in occasione della firma
firma, il Dott. Emilio Mayer della Banca Commerciale Italiana
e per la Societa' Intercontinentale Piemonte "SIP", e delegato per la
alla firma il Dott. Rossi del Banco di Napoli - Sede di New York
elettrica). Per la Societa' Meridionale di Elettrotecnica, e delegato
della ZEMM: Dr. Ing. Bruno Bianchi (Direttore Generale della Ri-
della ZEMM: Dr. Ing. Giuseppe Ambrosio (Consigliere Delegato
sara composta dai signori: On. Flor. Domenico Scopi (Presidente
le scilte per comunicare che la Missione Italiana

alcune e che questa mia lettera le trovi in belfetta annessa.
spelo che lei abbia potuto godere ottime e meritate

Colo amico,

LIV VERBA

DIREZIONE GENERALE
E L I T R I C A
BANCA INTERNAZIONALE

AMOM 28 Agosto 1959

Mr. Hugh Scott

August 28, 1959

G. Stewart Mason

Italy - Proposed Loan for SENN Nuclear Power Plant

Please note that I have received a letter from Mr. de Palma dated August 25 in which he gives me the following information:

The Guarantee Agreement will be signed by Minister Pastore;

The Loan Agreement will be signed by President Pescatore;

The Project Agreement will be signed by either Avv. Aldo Fascetti or Prof. Tommaso Zerbi on behalf of SENN, Ing. Bruno Bianchi on behalf of Finelettrica, Dott. Enzo Rossi (Bank of Naples, New York) on behalf of SME, and Dott. Emilio Mayer (Banca Commerciale Italiana, New York) on behalf of SIP.

GSMason:fgs

OUTGOING WIRE

TO: ZERBI
SENN
VIA TORINO 6
ROME

DATE: August 28, 1959

CLASS OF
SERVICE:

F.R.

COUNTRY: ITALY

TEXT:
Cable No.:

FOR UPDATING OUR TECHNICAL REPORT WOULD APPRECIATE CABLE BY
MONDAY OUTLINING PRESENT SENN PLANS ON POSSIBLE EXPANSION OF
GARIGLIANO PLANT STOP WE UNDERSTAND FROM IGE YOU HAVE DECIDED
NOT TO INCLUDE OVERSIZED STEAM DRUM AND ASSOCIATE PIPING IN
PRESENT PHASE BUT THAT IF DESIRED AND TECHNICALLY JUSTIFIED
THESE COULD BE INCORPORATED LATER DURING CONSTRUCTION OR
EVEN AFTER SENN PLANT IS IN OPERATION ALTHOUGH AT INCREASED
COSTS REGARDS

ALLARDICE

Allardice

INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT. *Technical Operations*

SIGNATURE

A. D. Spottswood
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

ORIGINAL (File Copy)
(IMPORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: _____

MEMORANDUM FOR THE DIRECTOR OF THE FBI

DATE: 8/28/59

FROM: SAC, NEW YORK

SUBJECT: ...

RE: ...

NY 100-...

NY 100-...

NY 100-...

NOT TO BE REPRODUCED

CONFIDENTIAL AND COPY DISTRIBUTION:

RECEIVED

[Handwritten signature]

RECEIVED

DATE

TIME

AUG 28

59 AM

GENERAL INVESTIGATIVE
DIVISION

TYPED

... IN CONNECTION WITH THE ...
... THE ...
... THE ...
... THE ...

1-44 5455

DATE

100-...

RECEIVED

DATE

RECEIVED FOR THE DIRECTOR
IN CONNECTION WITH THE ...

ORIGINAL FILE

CONFIDENTIAL

CROSS REFERENCE SHEET

COMMUNICATION: Memorandum

DATED: August 26, 1959

TO: Files

FROM: M. L. Lejeune

FILED UNDER: United Kingdom - General Negotiations

SUMMARY: The U. K. and the SENN project.

Re question raised by Mr. Geoffrey Wilson - on a personal basis -
of the delicate question of the United Kingdom's reaction to the
SENN project.

August 26, 1959

Dear Mr. De Rege:

Subject - Proposed Loan to the Cassa for the
SENN Nuclear Power Project

I refer to our telephone conversation of this morning. I have pleasure in enclosing the form of cable which the Bank will require from the Governor of the Bank for Italy in connection with the Statutory Loan Committee Report on the above Loan. It would be appreciated if we could receive the cable by the beginning of next week.

I should also be grateful if you would let me know the names of the delegation which will be coming to Washington on the 15th of September for the signing of the proposed Loan.

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

Attachment

cc: Mr. Scott

Mr. Giuseppe De Rege
Counselor
Italian Embassy
1601 Fuller Street
Washington D.C.

GSMason:fgs

DRAFT
8/25/59

TO: INTBAFRAD
WASHINGTON D.C.

I HEREBY SELECT _____ AS AN EXPERT ON THE COMMITTEE
PROVIDED FOR IN ARTICLE V SECTION 7 OF THE ARTICLES OF AGREEMENT
OF THE BANK FOR THE PURPOSES OF THE PROPOSED LOAN TO CASSA PER
IL MEZZOGIORNO FOR THE SENN NUCLEAR POWER PROJECT

DONATO MENICHELLA GOVERNOR OF THE BANK FOR ITALY

Italy - SEN

CASSA PER IL MEZZOGIORNO

Rome, August 25, 1959

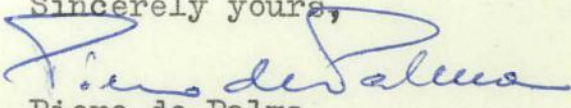
Dear Mr. Mason:

Italy - Con. neg.

I am sending you a copy of the Cassa's legislation, as requested in your letter of August 20. There are two more laws which have been enacted at the end of July last, and are now being translated: they will be sent to you at the soonest.

Our plans for the next visit are still to be in Washington by September 15, but late in the evening as Minister Pastore has an engagement in New York for the afternoon of the 15th. He will sign the Guarantee Agreement on behalf of the Republic; President Pescatore will sign the Loan Agreement on behalf of the Cassa; the Project Agreement will be signed by either Avv. Aldo Fascetti or Prof. Tommaso Zerbi on behalf of SENN, Ing. Bruno Bianchi on behalf of Finelettrica, Dott. Enzo Rossi (Bank of Naples, New York) on behalf of SME, and Dott. Emilio Mayer (Banca Commerciale Italiana, New York) on behalf of SIP.

I am looking forward to see you pretty soon and extend most cordial regards.

Sincerely yours,

Piero de Palma

Mr. G. Stewart Mason
International Bank
Washington, D.C.

Mon. E 81f

- Enclosure

ack. Aug. 28/59 Italy - Con. neg.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONFIDENTIAL
DECLASSIFIED
Sec 59-11.5
JUL 29 2013
WBG ARCHIVES

FROM: The Secretary

August 19, 1959

STATUS OF PROPOSED LOAN TO THE CASSA FOR
SENN NUCLEAR POWER PLANT IN ITALY

1. NEGOTIATIONS: Completed
2. BORROWER: Cassa per il Mezzogiorno
3. GUARANTOR: Republic of Italy
4. AMOUNT: Various currencies equivalent to \$40 million
5. INTEREST, INCLUDING COMMISSION: To be determined
6. COMMITMENT CHARGE: 3/4 of 1%
7. TERM: 20 years including approximately 4 1/2 years of grace
8. REPAYMENT: Semi-annual payments beginning February 15, 1964 and ending August 15, 1979
9. PURPOSE: The proceeds of the loan would be relent by the Cassa per il Mezzogiorno to Societa Elettronucleare Nazionale (SENN) to assist in financing the construction of a nuclear power plant on the Garigliano River, in Southern Italy. The total cost of the plant would be \$66 million and its capacity 160 MW.
10. CONSIDERATION BY EXECUTIVE DIRECTORS: Beginning of September 1959

Distribution: Executive Directors and Alternates
President
Vice Presidents
Department Heads

Italy-SENN

SOCIETÀ ELETTRONUCLEARE NAZIONALE

SENN

COPIA

Files

prot. n. 1772

FOR CONFIRMATION

LT

18.8.1959

REC
ING ST
UN 11:53

INTBAFRAD

WASHINGTON

ATTENTION MISTER MASON STOP REURCABLES THIRTEENTH AND SEVENTEENTH
SENNS AUTHORIZED AND PAID IN CAPITAL AS OF JULY 31 RESPECTIVELY TWO
BILLIONS AND ONE POINT FIVE BILLIONS STOP BOTH SCHEDULED TO INCREASE
TO ABOUT EIGHT BILLIONS STOP I SINCERELY RECIPROCATE AND THANK FOR
KIND EXPRESSIONS IN YOUR LETTER JULY 23

ZERBI ELETTRONUCLEARE

Società Elettronucleare Nazionale, Via Torino, 6 - Roma

SECRETARY OF THE STATE DEPARTMENT, WASHINGTON, D. C. - 20547

UNITED STATES DEPARTMENT OF STATE

KIND REGISTRATION IN YOUR OFFICE JULY 53
TO VISIT WITH THE PURPOSES OF THE EXERCISES AND TO VISIT FOR
PURPOSES AND ONE MORE LIKE PURPOSES WHICH WERE SCHEDULED TO TAKE PLACE
BEING VOLUNTARILY AND WOULD IN COMPLIANCE WITH THE 31 REGISTRATION AND
REGISTRATION WITH THE PURPOSES OF THE EXERCISES AND TO VISIT FOR

WASHINGTON
INDEVELOP

1953.8.21

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BANK MAIL ROOM

1959 AUG 21 AM 11:23

FOR COMPLETION

Aug 21 1953

1953

И И
SECRETARY OF THE STATE DEPARTMENT

СОБІУ

SECRET

25aly-SENN

ACR1/AUG 19 VIA COMMERCIAL CABLES

AW239 R0155

ROMA 56/54 18 1025

LT INTBAFRAD

WASHDC

ATTENTION MISTER MASON STOP REURCABLES THIRTEENTH AND
SEVENTEENTH SENNS AUTHORIZED AND PAID IN CAPITAL
AS OF JULY 31 RESPECTIVELY TWO BILLIONS AND ONE POINT
FIVE BILLIONS STOP BOTH SCHEDULED TO INCREASE TO ABOUT EIGHT
BILLIONS STOP I SINCERELY RECIPROCATE AND THANK FOR KIND
EXPRESSIONS IN YOUR LETTER JULY 23

ZERBI ELETTRUCLEARE

31 23

AUG 19 8 19 AM 1959

GENERAL INVESTIGATIVE
DIVISION

RECEIVED

Italy-SENN
P-100

Mr. Morton M. Mendels

August 18, 1959

G. Stewart Mason

Italy - Proposed Loan of \$40 million for SENN Nuclear Power Project

I attach a draft of a memorandum on the status of the above proposed loan which you may wish to circulate to the Executive Directors.

The draft has been cleared with Mr. Cope.

Attachment

SM

GSMason:fgs

From: The Secretary

STATUS OF PROPOSED LOAN TO THE CASSA FOR
SENN NUCLEAR POWER PLANT IN ITALY

1. NEGOTIATIONS: Completed
2. BORROWER: Cassa per il Mezzogiorno
3. GUARANTOR: Republic of Italy
4. AMOUNT: Various currencies equivalent to \$40 million
5. INTEREST, INCLUDING COMMISSION: To be determined
6. COMMITMENT CHARGE: 3/4 of 1%
7. TERM: 20 years including approximately 4 1/2 years of grace
8. REPAYMENT: Semi-annual payments beginning February 15, 1964 and ending August 15, 1979
9. PURPOSE: The proceeds of the loan would be relent by the Cassa per il Mezzogiorno to Societa Elettronucleare Nazionale (SENN) to assist in financing the construction of a nuclear power plant on the Garigliano River, in Southern Italy. The total cost of the plant would be \$66 million and its capacity 160 MW.
10. CONSIDERATION BY EXECUTIVE DIRECTORS: Beginning of September 1959

August 18, 1959

Italy - SENN

TO: SENN
VIA TORINO 6
ROME

DATE: August 17, 1959

CLASS OF
SERVICE: NLT

Mnt

COUNTRY: ITALY

TEXT:
Cable No.:

✓
MANY THANKS CABLE RE SHAREHOLDERS STOP WOULD APPRECIATE CABLE
✓
IN REPLY OUR CABLE AUGUST 13 REQUESTING INFORMATION ON CAPITAL
MASON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME GSMason *1502*
DEPT. Operations - EAA

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

GSMason:fgs

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared and cc to: Mr. Finne
copy: Mr. Scott

For Use by Archives Division

Checked for Dispatch: _____

(IMPORTANT: One part of this message has been transmitted from)

ORIGINAL (File Copy)

CGS:scm:fyg

(SIGNATURE OR INITIALS AUTHORIZED TO SIGN)

SIGNATURE

DEPT.

Operations - MA

NAME

CGS:scm

fyg

MESSAGE AUTHORIZED BY:

NOT TO BE TRANSMITTED

Checked for Distortion

For Use by Receiver Division

copy

Cleared and cc to: Mr. Finne
Mr. Scott

CLEARANCES AND COPY DISTRIBUTION:

MARSON

IN REPLY OUR CABLE AUGUST 13 REQUESTING INFORMATION ON CAPITAL
MARKT TRENDS CABLE RE SHAREHOLDERS STOP WOULD APPROPRIATE CLERK

Group No. 1
TEXT:

COUNTRY: ITALY

TO:

ROME
ATA BOLINO
SEMI

SERVICE: MIL
CLASS OF

DATE: August 17, 1950

RECOMMENDATION AND DEVELOPMENT
INTERNATIONAL BANK FOR
411,281
FORM NO. 57

OUTGOING WIRE

INTERNATIONAL FINANCE
CORPORATION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

INCOMING WIRE

DATE OF WIRE: August 14, 1959

TO: Mr. Finne

FROM: Rome

RC9

TEXT:

ROUTING
ACTION COPY TO Technical Operations
INFORMATION COPY TO
Decoded By

Not sent to file.

ATTENTION MISTER FINNE STOP ON BEHALF DOCTOR BIANCHI AND
 REYOURS ELEVENTH FOLLOWING ARE CHANGES IN PERCENTAGES SENNS
 SHAREHOLDERS PARTICIPATIONS STOP FINELETTRICA ZEROPOINT SIXHUNDRED
 TWENTYFIVE TRENTINA FOURPOINT THREEHUNDREDSEVENTYFIVE ANSALDO
 THREE ANSALDO SANGIORGIO TWO

ANGELUCCI

RECEIVED

INFORMATION FOR THE
ATTENTION OF THE
DIRECTOR

DATE OF RECEIPT
BY
INITIALS
TIME

AUG 17 11 31 AM 1959

TYPED
GENERAL FILES
CORRESPONDENCE

THE FOLLOWING INFORMATION IS FOR THE INFORMATION OF THE DIRECTOR
AND IS NOT TO BE USED FOR ANY OTHER PURPOSE
UNLESS SPECIFICALLY REQUESTED BY THE DIRECTOR
OR HIS DEPUTY

DATE

TIME

INITIALS

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: August 14, 1959

FROM: G. Stewart Mason

GSM File

SUBJECT: Italy - Proposed Loan of \$40 million for SENN Nuclear Power Project

1. We have now been informed by Professor Pescatore that the Italians will be ready to sign the Loan Documents on September 16, 1959.
2. As we do not expect any further negotiations on the proposed loan, I believe you may want the Secretary to send to the Executive Directors the usual notice on the Status of Negotiations.
3. I therefore attach a draft notice for the Secretary.

G. Stewart Mason
OK
[Signature]

Enclosure

GSMason:fgs

cc. Messrs: Finne
Scott.

DRAFT: GSMason:fgs
August 14, 1959

From: The Secretary

STATUS OF PROPOSED LOAN TO THE CASSA FOR
SENN NUCLEAR POWER PLANT IN ITALY

1. NEGOTIATIONS: Completed
2. BORROWER: Cassa per il Mezzogiorno
3. GUARANTOR: Republic of Italy
4. AMOUNT: Various currencies equivalent to \$40 million
5. INTEREST, INCLUDING COMMISSION: To be determined
6. COMMITMENT CHARGE: 3/4 of 1%
7. TERM: 20 years including approximately 4 1/2 years of grace
8. REPAYMENT: Semi-annual payments beginning February 15, 1964 and ending August 15, 1979
9. PURPOSE:

omit

The proceeds of the loan would be re-lent by the Cassa per il Mezzogiorno to Societa Elettronucleare Nazionale (SENN) to assist in financing the construction of a nuclear power plant on the Garigliano River, in Southern Italy. The total cost of the plant would be \$66 million and its capacity 160 MW. ~~This would be the Bank's first loan for a nuclear power plant. As the Executive Directors have been informed (R 58-107), SENN has selected the type of plant proposed and offered by the International General Electric Company of the U.S. It would be the Bank's seventh loan to the Cassa, bringing our total lending to the Cassa and Italy to \$300 million.~~
10. CONSIDERATION BY EXECUTIVE DIRECTORS: Beginning of September 1959.

*Italy - SENN
after files*

OFFICE MEMORANDUM

TO: ~~Mr. S. R. Cope~~ *seen*

DATE: August 13, 1959

FROM: G. Stewart Mason *GSM*

SUBJECT: ITALY - SENN Nuclear Power Project

Aug-13-59

As you will note from the attached letter from Professor Pescatore, we have received confirmation that at least Pescatore will be here as arranged in the week beginning the 14th September. Morton Mendels tells me that there is a Board meeting tentatively scheduled for 15th September so a signing on the 16th as suggested by Pescatore will be quite convenient. I sent the drafts of the Guarantee Agreement, the Loan Agreement and the Project Agreement to Mike with a memorandum of explanation. Do you wish extra copies for yourself? A copy of my proposed reply to Pescatore is attached.

OK M

Attachment

GSMason:vmc

August 13, 1959

My dear Professor Pescatore:

Thank you so much for your letter of August 5, advising me that you plan to be in Washington by the 15th of September with the idea of signing the Loan Agreement on the 16th. These dates will be entirely satisfactory to the Bank and we shall look forward with great pleasure to seeing you once again in Washington.

I wonder if you would be kind enough to let me know who the other members of the delegation will be.

We should also like to know whether, as was suggested when we were in Rome, Minister Pastore still intends to come to Washington to sign the Guarantee Agreement on behalf of the Government. Would you also be good enough to confirm the names of the persons who will sign the Project Agreement (a) on behalf of SENN; (b) on behalf of Finelettrica; (c) on behalf of SME; (d) on behalf of SIP. When we were in Rome we were told that these would probably be respectively: President Tommaso Zerbi, President Aristide Zenari, Dr. Tullio Mesturzo and Count Tournon. We are assuming that you will be kind enough to see that those signing the above documents will bring with them the usual authorizations.

With kindest regards,

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

Professor Gabriele Pescatore
President
Cassa per il Mezzogiorno
Piazza dei Congressi 20 (EUR)
Rome, Italy

cc and cleared with: Mr. Scott
cc: Mr. Mendels
Mr. Finne/Mr. Allardice

esm

TO: SENN
VIA TORINO 6
ROME

DATE: AUGUST 13, 1959

mt

CLASS OF SERVICE: *LT*

COUNTRY: ITALY

TEXT:
Cable No.: ATTENTION PRESIDENT ZERBI STOP FOR OUR INFORMATION PLEASE CABLE AMOUNT
AUTHORIZED CAPITAL OF SENN AND AMOUNT OF CAPITAL PAID IN BOTH AS OF
JULY 31 STOP ALSO STATE TO WHAT AMOUNT IT IS PROPOSED EVENTUALLY TO
INCREASE AUTHORIZED AND PAID IN CAPITAL

MASON
INTBAFRAD

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME GSMason

RSM.

DEPT. Operations - ~~EAA~~

SIGNATURE _____

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

GSMason:vmc

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cleared and cc: Mr. Finne
cc: Mr. Scott

For Use by Archives Division

Checked for Dispatch: *[Signature]*

RECEIVED

(INFORMATION: FOR USE OF THE OFFICE OF THE DIRECTOR OF THE FBI)

Checked for Release: *[Signature]*

ORIGINATOR (FBI CODE)

GENERAL FILES
CORRESPONDENCE

FOR USE BY ALL FIELD DIVISIONS

ORIGINATOR: ABC

(SIGNATURE OF AUTHORIZED PERSON (SEE 10-10.1))

SIGNATURE

AUG 13 6 05 PM 1959

DEPT: Operations - *[Signature]*

BY: GIBSON

cc: Mr. Scott
checked and cc: Mr. [Name]

MESSAGE AUTHORIZED BY: *[Signature]*

STANDARDIZATION AND COPY DISTRIBUTION:

NOT TO BE REPRODUCED

RECEIVED
MAY 20 1959

INCIDENTAL INFORMATION AND BUREAU IN CHARGE

THIS IS FOR YOUR INFO TO ADVISE THAT IT IS PROPOSED EARLY NEXT TO

ADJUSTMENT BUREAU OF THE FBI AND BUREAU OF INVESTIGATION IN BOTH AS OF

NOTE: ATTENTION BUREAU OF INVESTIGATION FOR THE INFORMATION BUREAU OF INVESTIGATION

CLASS:

CLASSIFICATION: SECRET

HOME
ATTN: [Name]
10: [Name]

[Handwritten Signature]

SERVICE:
CLASS OF

DATE: AUGUST 13, 1959

REPRODUCTION AND DISTRIBUTION
INFORMATION BUREAU

ORIGINATOR NAME

COMMUNICATION
INFORMATION BUREAU

10-10.1
10-10.2

10-10.3

Mr. S. R. Cope

August 13, 1959

G. Stewart Mason *PSM*

ITALY - SENN Nuclear Power Project

As you will note from the attached letter from Professor Pescatore, we have received confirmation that at least Pescatore will be here as arranged in the week beginning the 14th September. Morton Mendels tells me that there is a Board meeting tentatively scheduled for 15th September so a signing on the 16th as suggested by Pescatore will be quite convenient. I sent the drafts of the Guarantee Agreement, the Loan Agreement and the Project Agreement to Mike with a memorandum of explanation. Do you wish extra copies for yourself? A copy of my proposed reply to Pescatore is attached.

Attachment

GSMason:vmc

ITALY - Proposed Loan of \$40 Million for SENN

<u>Date payment due</u>	<u>Principal out- standing after last payment</u>	<u>Payments</u>		<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	
August 15, 1959	\$ 40,000,000	-	-	-
February 15, 1960	40,000,000	-	\$ 1,200,000	\$ 1,200,000
August 15, 1960	40,000,000	-	1,200,000	1,200,000
February 15, 1961	40,000,000	-	1,200,000	1,200,000
August 15, 1961	40,000,000	-	1,200,000	1,200,000
February 15, 1962	40,000,000	-	1,200,000	1,200,000
August 15, 1962	40,000,000	-	1,200,000	1,200,000
February 15, 1963	40,000,000	-	1,200,000	1,200,000
August 15, 1963	40,000,000	-	1,200,000	1,200,000
February 15, 1964	39,238,000	762,000	1,200,000	1,962,000
August 15, 1964	38,453,000	785,000	1,177,140	1,962,140
February 15, 1965	37,645,000	808,000	1,153,590	1,961,590
August 15, 1965	36,812,000	833,000	1,129,350	1,962,350
February 15, 1966	35,955,000	857,000	1,104,360	1,961,360
August 15, 1966	35,072,000	883,000	1,078,650	1,961,650
February 15, 1967	34,162,000	910,000	1,052,160	1,962,160
August 15, 1967	33,225,000	937,000	1,024,860	1,961,860
February 15, 1968	32,260,000	965,000	996,750	1,961,750
August 15, 1968	31,266,000	994,000	967,800	1,961,800
February 15, 1969	30,242,000	1,024,000	937,980	1,961,980
August 15, 1969	29,187,000	1,055,000	907,260	1,962,260
February 15, 1970	28,101,000	1,086,000	875,610	1,961,610
August 15, 1970	26,982,000	1,119,000	843,030	1,962,030
February 15, 1971	25,830,000	1,152,000	809,460	1,961,460
August 15, 1971	24,643,000	1,187,000	774,900	1,961,900
February 15, 1972	23,420,000	1,223,000	739,290	1,962,290
August 15, 1972	22,161,000	1,259,000	702,600	1,961,600
February 15, 1973	20,864,000	1,297,000	664,830	1,961,830
August 15, 1973	19,528,000	1,336,000	625,920	1,961,920
February 15, 1974	18,152,000	1,376,000	585,840	1,961,840
August 15, 1974	16,735,000	1,417,000	544,560	1,961,560
February 15, 1975	15,275,000	1,460,000	502,050	1,962,050
August 15, 1975	13,771,000	1,504,000	458,250	1,962,250
February 15, 1976	12,222,000	1,549,000	413,130	1,962,130
August 15, 1976	10,627,000	1,595,000	366,660	1,961,660
February 15, 1977	8,984,000	1,643,000	318,810	1,961,810
August 15, 1977	7,292,000	1,692,000	269,520	1,961,520
February 15, 1978	5,549,000	1,743,000	218,760	1,961,760
August 15, 1978	3,754,000	1,795,000	166,470	1,961,470
February 15, 1979	1,905,000	1,849,000	112,620	1,961,620
August 15, 1979	-	1,905,000	57,150	1,962,150
		<u>40,000,000</u>	<u>32,379,360</u>	<u>72,379,360</u>

Loan of \$40,000,000; 6% p.a. payable semi-annually; principal repayable in 32 approximately equal semi-annual installments of principal and interest starting February 15, 1964.

8/27
11.40

INCOMING MAIL ROUTING SLIP			Date AUG 27 1959	
Mr. Black	1024	Personnel Div.	207	
Mr. Broches	1113	Mr. Poore	801	
Mr. Cargill	614	Mr. Reamy	A318	
Mr. Clark	1113	Research Files	822	
Mr. Cope	813	Mr. Riley	700C	
Mr. Demuth	506	Mr. Rist	716	
Mr. Doucet	1017	Mr. Rosen	614	
E.D.I.		Mr. Rucinski	600	
Mr. Goor	705	Mr. Schmidt	513	
Mr. Howell	801	Mr. Sommers	1003	
Mr. Iliff	1003	Technical Op.	309	
Mr. Knapp	1024	Translation	804	
Mr. Lejeune	813	Mr. Hauenstein	101	
Mr. Mendels	1017	Mr. Worthington	A316	
Mr. Nurick	1121	Mr. Wilson	809	
Office of Info.	228	Mr. Klardice		
Office Services	111	Mr. Scott	118	
Mr. Perry	513	4 Files		
Remarks:				
From: Communications Unit - Room P-106 (Ext. 3630)				

Italy - SENN

Mr. Mason
Room 809

FINELETTRICA
Director General

Rome, Italy

Mr. G. Stewart Mason,
Dept. of Operations,
I. B. R. D.
1818 H St. N. W.
Washington 25, D. C.

August 7, 1959

Dear Mr. Mason:

I am very late in replying to your kind letter of July 23, because I was away in France for about three weeks, and was able to read the letter only yesterday.

Please believe that it was also a great pleasure for me to conclude with you such difficult and dramatic negotiations in that spirit of kindness and friendliness and with the desire to cooperate that have always marked our relations.

I extend my thanks to Messrs. Allardice and Scott as well.

I can assure you that President Zennari is perfectly aware of your gesture, and also appreciated the fine feeling of correctness which certainly inspired it.

I hope to be in Washington on September 15, 16 and 17 next to draw up the contract. I do not know, however, whether President Zennari can be present, because our annual meeting will be held at about that time.

Hoping that I may continue to cooperate in future in the spirit of understanding and trust that has always guided our relations, I send my best wishes to you, to your colleagues Messrs. Allardice and Scott, and to all our friends at the Bank.

Yours....

s/Dr. Bruno Bianchi, Eng.

TRANSLATION SECTION
Translated From: Italian 9/2/59 By: S. K.:mh

ROMA 7 Agosto 1959
VIA ANIENE, 14
841.341

TRANSLATED

: Via aerea

SEP 2 1959

Caro Sig. Mason,

I.B.R.D.

rispondo con molto ritardo alla Sua gentile lettera del 23 luglio u. s., ma ciò è dipeso dal fatto che sono stato circa tre settimane in Francia ed ho potuto leggere la lettera stessa soltanto ieri.

Voglia credere, Sig. Mason, che anche per me è stato un grande piacere poter concludere con Voi trattative così difficili e così drammatiche in quello spirito di gentilezza e di amicizia e con quella volontà di collaborazione che hanno sempre improntato i nostri reciproci rapporti.

Questi miei sentimenti di gratitudine vanno estesi anche al Sig. Allardice e al Sig. Scott.

Posso assicurarLa che l'ottimo Presidente Zenari si è reso perfettamente conto del Vostro gesto e che ha anche apprezzato lo squisito sentimento di correttezza che lo ha certamente ispirato.

Io spero di poter essere a Washington nei giorni 15 - 16 e 17 settembre p. v. per la stipulazione del contratto. Non so se potrà essere altrettanto presente il Presidente Zenari data la circostanza che in quell'epoca saremo vicini alla nostra Assemblea annuale.

Con la speranza di poter ancora collaborare, per il futuro, in quello spirito di comprensione e di fiducia che ha sempre animato i nostri rapporti, La prego di gradire i più distinti saluti, estensibili ai Suoi diretti collaboratori Sigg. Allardice e Scott, nonché a tutti gli amici della Banca.

Mi creda sinceramente Suo

(Dr. Ing. Bruno Bianchi)

Egregio Signor
G. Stewart Mason
Department of Operations Europe
International Bank for Reconstruction
and Development
1818 H Street; N. W.
WASHINGTON 25, D. C.

(U S A)

dev ms } Bianchi

RECEIVED

Italy-SENN

CASSA PER IL MEZZOGIORNO

IL PRESIDENTE

X^e 5521

ROMA, August 5, 1959

PIAZZA DEI CONGRESSI N. 20 (EUR) - TEL. 5291

My dear Mr. Mason:

I have received your kind letter of July 23, and feel that we all have to thank you for the excellent cooperation and fine understanding you have as always shown in facing our problems. It was really a pleasure to have you in Rome with us, and I can only complain about the very short time I could spend with you personally.

We have now finalized our plans for the next visit to Washington: we shall be leaving Rome in the afternoon of monday September 14, and arrive in New York late in the night of the same day. We will proceed to Washington as early as possible the following morning, and stay at the Shoreham; we expect the signing could take place on September 16, but we are planning to remain in Washington through the 18th. On the morning of the 19th we shall be leaving Washington for a tour in the West and Middle West of the United States.

I am looking forward to the pleasure of seeing you again pretty soon, and extend most cordial good wishes and personal regards.

Sincerely yours,

Gabriele Pescatore

Mr. G. Stewart Mason
International Bank for
Reconstruction and Development
Washington 25, D.C.

RECEIVED

022 Aug 13/59

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RECEIVED

1959 AUG 1

1959 AUG 1

Wor. C. 311 541 54

WASHINGTON 52' D.C.
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL BANK FOR
MR. C. STEWART MASON

Gertrude Beasford

Sincerely yours,

Belonging to me.
I am looking forward to the pleasure of seeing you

in the West and Middle West of the United States.
I will be leaving Washington for a tour
the beginning of the month in Washington through the 18th. On the
expect the starting point take place on September 10, but we
board the following morning, and stay at the Governor's
of the same day. We will proceed to Washington as early as
Monday September 14, and arrive in New York late in the night
to Washington: we shall be leaving home in the afternoon of
we have now finalized our plans for the next visit

time I could spend with you personally.
Home with us, and I can only imagine how the very small
and our programs. It was really a pleasure to have you in
from and the understanding you have as always shown in fac-
feel that we all have to thank you for the excellent cooperation.
I have received your kind letter of July 23, and

My dear Mr. Mason:

72 2251

IL PRESIDENTE

CASSA PER IL MEZZOGIORNO

PIAZZA DEI CONSIGLIERI N. 30 (LIV.) - TEL. 2591

ROMA, August 2, 1959

201-20

August 4, 1959

Professor Gabriele Pescatore
President
Cassa per il Mezzogiorno
Piazza dei Congressi 20 (EUR)
Rome, Italy

Dear Professor Pescatore:

Re: Proposed Loan to the Cassa for the
SENN Nuclear Power Project

Thank you for your letter of July 25 enclosing a draft of the proposed Cassa/SENN agreement in Italian and three copies of an English translation.

We note the changes made from the draft which Mr. Scott and I discussed in Rome with representatives of the Cassa and SENN.

After the Legal Department has studied the draft, I shall write to you again if we have any comments.

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

GSMason:vmc

cc: Mr. Clark
Mr. Scott (on return)
Mr. Allardice
Mr. Finne

August 4, 1959

Cassa per il Mezzogiorno
Piazza dei Congressi 20 (EUR)
Rome, Italy

Gentlemen:

We beg to acknowledge receipt of your letters of July 25, 1959 enclosing the following documents relating to the year ending December 31, 1958:

1. S.p.A. DALMINE

- a. Annual report of the Board of Directors and of the Board of Auditors;
- b. Balance sheet and profit and loss account;
- c. Report on the business activities and accounts of the company.

2. S.p.A. Cementir

- a. Annual report of the Board of Director and Board of Auditors;
- b. Balance sheet and profit and loss account;
- c. Short report on the Business Year 1958 together with enclosures thereto.

3. S.p.A. SIL

- a. Minutes of the shareholders' meeting;
- b. Balance sheet, profit and loss account and report of the shareholders' meeting.


4. S.p.A. FIAT

- a. Balance sheet and profit and loss account and report of Board of Directors and Board of Auditors;

- b. Balance sheet as of December 31, 1958, prepared following the scheme illustrated in Section 2.01 of the IBRD questionnaire;
 - c. Operating statement as of December 31, 1958, prepared following the scheme illustrated in Section 2.02 of the IBRD questionnaire.
5. Saint Gobain Company
- a. Balance sheet, profit and loss account and annual report of the French parent company;
 - b. Balance sheet and profit and loss account of Saint Gobain, Italy.
6. S.p.A. Cementerie di Sardegna
- a. Minutes of the shareholders' meeting;
 - b. Balance sheet, profit and loss account and report of the shareholders' meeting.
7. S.p.A. Marzotto Sud
- a. Minutes of the shareholders' meeting;
 - b. Balance sheet, profit and loss account and related enclosures;
 - c. Annual report of the Board of Directors and of the Board of Auditors.

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia


JHCollier:fgs

CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE
NELL'ITALIA MERIDIONALE

(CASSA PER IL MEZZOGIORNO)
5/25768

25 LUG. 1950

Prot. N. Posiz. S/CF/UP/MG/mg

Allegati 4

ROMA
PIAZZA DEI CONGRESSI N. 20 (EUR)
TEL. 5291

Risposta a

del N.

OGGETTO: Contratto di mutuo
Cassa-SENN.

Spett. Banca Internazionale per la
Ricostruzione e lo Sviluppo
1818 H Street, N.W.
Washington 25, D.C.

A seguito delle intese raggiunte nell'ultima riunione avuta presso la SENN con Mr. Scott, si accludono alla presente tre copie della traduzione inglese ed una copia dell'originale italiano del contratto di mutuo Cassa-SENN, così come è stato revisionato nel corso delle discussioni tenute la scorsa settimana fra la Cassa, la Finelettrica e la SENN, con l'intervento dell'Avv. Tracanna.

Come si può notare, le sole modifiche apportate al testo del contratto si riferiscono ad una diversa formulazione degli Articoli 8 e 22 per la parte relativa agli obblighi delle Società fidejubenti.

Tali modifiche sono state trovate soddisfacenti da tutte le parti interessate. Si resta, pertanto, in attesa di conoscere il parere di codesta Banca in merito alle varianti menzionate più sopra.

Con i migliori saluti.

IL PRESIDENTE
(Gabriele Pescatore)
Gabriele Pescatore

*Amendment 4th August.
per.*

Si prega di trattare per ogni lettera un solo argomento

CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE
NELL'ITALIA MERIDIONALE

(CASSA PER IL MEZZOGIORNO)

;/25768 TRANSLATION

Prot. N. Posiz. S/CF/UP/MG/mg

Allegati

Risposta a

del N.

OGGETTO:

ROMA

PIAZZA DEI CONGRESSI N. 20 (EUR)

TEL. 5291

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

Subject: Cassa-SENN Loan Contract

Following the agreements reached in the last meeting with Mr. Scott at SENN, attached hereto are three copies of the English version and one copy of the Italian original of the Cassa-SENN loan contract as finally revised in the discussions of last week between Cassa, Finelettrica and SENN, with the advice of Avv. Tracanna.

As you will note, the only changes introduced in the loan contract reflect a different formulation of Articles 8 and 22 for the part concerning the obligations of the sureties.

Such changes have been found satisfactory by all parties. If you have any comments to make in that respect, please do not hesitate in writing to us.

With best regards.

Sincerely yours,

THE PRESIDENT
Pescatore

/s/

- Enclosures

Mr. M. L. Lejeune

July 24, 1959

G. Stewart Mason

ITALY - Proposed Loan for Nuclear Power Project

1. As I already advised Raymond in my cable No. 2 from Rome dated June 25, we were able to reach complete agreement in our negotiations of the above proposed loan. The documents as then negotiated were brought back to the Bank by Mr. Corbin Allardice on June 29. As a result of your cable No. 1 dated June 30 which interalia stated "Management is fully prepared to recommend to Board a loan for the full amount based on project as presented and agreements as now negotiated stop please make this plain to Italians," I informed the Italians that our negotiations had been concluded. It was this statement as much as any other which led to a decision by the Italians to inform EURATOM that as negotiations had been concluded with the Bank, they would not require financial help from EURATOM.
2. The Working Party met yesterday to consider the proposed loan documents (Mason, Cavanaugh, Allardice, Wenzell and Sella). I explained that we took to Rome draft documents which the Working Party had already seen and that we were able to complete our negotiations with very few changes of any significance in the Loan Agreement and in the Project Agreement. The changes made were pointed out to the Working Party which had no objection to them nor to the Side Letter which it was proposed would take the place of one sentence on the rate covenant dropped from the Project Agreement.
3. I now attach the latest drafts of the Guarantee Agreement, the Loan Agreement and the Project Agreement, together with the two Side Letters which it is proposed to sign on September 15, 16, or 17 at the same time as the loan documents.
4. There have been no changes in the Guarantee Agreement since it was drafted on April 23.
5. The two changes in the Loan Agreement are not of significance:
 - a) In Article III we have corrected the old draft by substituting the Borrower (Cassa) instead of SENN as the party which will sign the List of Goods Letter;
 - b) the word "convertible" has been added where marked in Schedule 3 at the express request of Governor Menichella. The Italians have been used to special treatment regarding the currency supplied but this is the least favorable given to them since we are now making a "List of Goods"

loan and little, if any, of the items in the List of Goods will be bought from Italian suppliers.

6. Of the three significant changes made in the Project Agreement, the first was made in Section 10 to meet a charge of redundancy in the original, i.e., if the charter was not amended without the consent of the Bank, the capital shares could not be retired without the consent of the Bank. The second change was made in Section 6 by dropping the last sentence. This sentence was added at the suggestion of TOD after the SLG had considered Mr. Cope's memorandum of June 8, 1959 (SLG/O/1004) which made no mention of it. The Italian negotiators refused to include this sentence in what would become a public document (the Project Agreement is to be attached to the Cassa-SENN Agreement as an annex and the Agreement is then to be registered.) In their opinion, it would attract the heavy registration tax which we were all trying to avoid. However, SENN agreed to sign a "Side" Letter showing how they would conduct their business. The letter was drafted and agreed to in Rome and brought back to the Bank by Mr. Allardice. I understand it is acceptable to TOD as a substitute for the sentence dropped from the Project Agreement. The third change, which was also made to avoid the possible attraction of a registration tax, is a redraft of Sections 3 and 4 of Article III of the original and a significant sentence added to the end of Section 1 of Article III. The Working Party believes that Article III as now drafted is as satisfactory as the one originally drafted in Washington.

7. I now propose to draft the President's Report and Recommendations which will be submitted to the Staff Loan Committee together with the drafts of the Guarantee Agreement, the Project Agreement, the List of Goods Letter, the Side Letter from SENN, and a revised TOD report now being worked upon. Since an economic report, dated April 13, was circulated to the Executive Directors on April 14, I think it is unnecessary to have a new one prepared but I shall make reference in the President's Report and Recommendations to the economic progress made by Italy since the last report was written.

8. I was informed in Rome that in view of the importance attached to the proposed SENN loan, the following delegation would come to Washington for the signing of the loan documents in mid-September:

Giulio Pastore, Minister for the South (to sign Guarantee Agreement)
Gabriele Pescatore, President of Cassa (to sign Loan Agreement)
Tommaso Zerbi, President of SENN (to sign Project Agreement on behalf of SENN)
Aristide Zenari, President of Finalettrica (to sign Project Agreement on behalf of Finalettrica)

To: Mr. M. L. Lejeune

- 3 -

Tullio Masturzo, President of SME (to sign Project Agreement on behalf of SME)

Count Tournon (to sign Project Agreement on behalf of SIP)

The Chairman of the Board of IRI, Aldo Fascetti and the Vice President of Finelettrica, Bruno Bianchi would also accompany the delegation.

GSMason:vmc

psm

cc: Mr. Allardice
Mr. Wenzell
Mr. Cavanaugh
Mr. Sella

It-
Senn

July 10, 1959.

Dear Felice,

We have been told by the Cassa that it will be convenient to have the signing of the SENN loan in Washington in mid-September. The exact date is not fixed but it will be September 14, 15, or 16. Hon. Pastore will sign for the Italian Government, Professor Pescatore will sign for the Cassa, Professors Faschetti, Zerbi, Ing. Bianchi and representatives of SME and SIP will sign for Finlettrica, SENN, SME and SIP.

Although the ENSI Project was formally completed with the filing of our report to the Italian Government and to the Bank last fall, in a real sense, the signing of the SENN loan will mark tangibly the success of the ENSI study. On behalf of Mr. Black, and also personally, I wish to extend a cordial invitation to you, the Italian member of the ENSI Steering Committee, to be present at the signing ceremonies.

With warmest personal regards and best wishes to your wife and family,

Sincerely,

Corbin Allardice

Corbin Allardice
Adviser on Atomic Energy

Professor Felice Ippolito,
Comitato Nazionale per le Ricerche Nucleari,
Via Belisario, 15,
R O M E,
Italy.

INCOMING WIRE

RC 7

DATE OF WIRE: **JULY 9, 1959**

TO: **IBRD**

FROM: **LONDON**

TEXT:

ROUTING	
ACTION COPY TO	MR. LEJEUNE
INFORMATION COPY TO	
Decoded By	

/

FOUR FOR LEJEUNE HAVE ASKED MASON TO VISIT EIB FOR DISCUSSIONS
 MONDAY TUESDAY LEAVING LONDON FOR WASHINGTON WEDNESDAY STOP
 DEUTSCHE BANK HAS ACCEPTED NORWEGIAN PARTICIPATION I WILL
 CABLE DETAILS TOMORROW

COPE

INCOMING WIRE

ROUTING

ACTION COPY TO
INFORMATION COPY TO
Deponed By

DATE OF WIRE
TO
FROM
TEXT

TYPED

GENERAL MILLS
COMMISSIONER

JUL 9 3 07 PM 1959

RECEIVED THE CITY OF BOSTON JUL 9 1959
RECEIVED THE CITY OF BOSTON JUL 9 1959
RECEIVED THE CITY OF BOSTON JUL 9 1959
RECEIVED THE CITY OF BOSTON JUL 9 1959

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
.....
INTERNATIONAL FINANCE CORPORATION

INCOMING WIRE

RC 12

DATE OF WIRE: **JULY 3, 1959**

TO: **IBRD**

FROM:
ROMA

ROUTING
ACTION COPY TO MR. NURICK
INFORMATION COPY TO
Decoded By

TEXT:

FOR NURICK RE URCABLE JULY 2 IN ACCORDANCE LEJEUNES CABLE
 ONE ITALIANS INFORMED DRAFT AGREEMENTS SATISFACTORY AND NEGOTIATIONS
 CONCLUDED YESTERDAY STOP MASON AND I CONSIDER IT UNWISE REOPEN
 NEGOTIATIONS FOR BROCHES SUGGESTION STOP WILL RAISE OTHER POINT
 WITH TRACANNA

SCOTT

RECEIVED
GENERAL FILES
CORRESPONDENCE

JUL 6 10 32 AM 1959



TO THE DIRECTOR
FROM THE DIRECTOR
SUBJECT: [Illegible]

TEXT

TO THE DIRECTOR
FROM THE DIRECTOR
SUBJECT: [Illegible]

RECORDED BY
INDEXED BY
CLASSIFIED BY
DATE

INCOMING MAIL

THE NATIONAL ARCHIVES
COLLECTIONS DIVISION
1959

July 23, 1959

Dear Professor Zerbi:

I am sending you this personal note to let you know how much I appreciated your understanding and patience during our long conferences on the proposed loan to SENN.

I very much appreciated the time which you took off from your other duties to expedite our work together. Without your cooperation in this respect, and your firm and cheerful chairmanship of the meetings, we could not have finished our common labors in such a short time.

It was a great pleasure to meet you and I shall look forward to renewing our acquaintance when you come to Washington for the signing of the Loan Documents.

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

Professor Tommaso Zerbi
President
SENN
Via Turino, 6
Rome, Italy

GSMason:fgs

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: July 23, 1959

TO: Professor Pescatore, Cassa, Rome.

FROM: G. Stewart Mason

FILED UNDER: Italy - Loan 224.

SUMMARY: Para. 2.

Our negotiations with SENN were long and intensive and we are most appreciative that the Cassa was able to make available Mr. Pichetti, Mr. Tracanna, and Mr. de Palma for such unremitting toil. Without Mr. de Palma's help as interpreter I am sure we would not have finished our work in so short a time.

July 23, 1959

Dear Dr. Bianchi:

This is a personal note to thank you for your kindness and courtesy to Mr. Allardice, Mr. Scott and myself. It was, as always, a great pleasure to spend some time in Rome. Our work there was facilitated by the good will and helpfulness of all who participated in our many conferences.

As I know you are a very busy man, I am especially grateful to you for the time you devoted to our meetings.

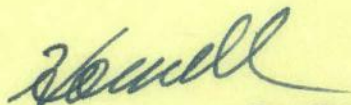
I very much appreciated your understanding regarding the medals which were presented to us. I do hope that President Zenari realized that, while we were most appreciative of his kind gesture, it was not possible for us to keep those momentos.

We shall look forward to seeing both you and President Zenari in Washington between the 15th and 17th of September for the signing of the proposed loan for SENN.

With best regards.

Yours sincerely,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia



Dr. Bruno Bianchi
Finelettrica
Via Aniene, 14
Rome, Italy

GSMason:fgs *pgm*

Cleared with and copy to Mr. Howell
cc: Mr. Allardice
Mr. Scott
Mr. Lejeune

CONFIDENTIAL DRAFT
(Subject to change)

July 22, 1959

9
DECLASSIFIED

JUL 29 2013

WBG ARCHIVES IT
LOAN NUMBER _____

LOAN AGREEMENT

(SENN Nuclear Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

CASSA PER OPERE STRAORDINARIE DI PUBBLICO
INTERESSE NELL'ITALIA MERIDIONALE
(CASSA PER IL MEZZOGIORNO)

Dated _____ 1959

LOAN AGREEMENT

AGREEMENT, dated _____, 1959, between INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank),
and CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA
MERIDIONALE (CASSA PER IL MEZZOGIORNO) (hereinafter called the Borrower).

ARTICLE I

Loan Regulations; Special Definitions

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto:

- (1) The term "Cassa" means Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) established by Law No. 646 of the Republic of Italy, dated the 10th of August 1950, as amended and supplemented.
- (2) The term "Borrower" means the Cassa and also includes any department or agency of the Guarantor which may be charged by the Guarantor, upon dissolution of the Cassa or otherwise, with the carrying out of the obligations of the Borrower hereunder.
- (3) The term "Agency" means any political subdivision of the Guarantor or any instrumentality of the Guarantor or of a political subdivision of the Guarantor and shall include any

institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Guarantor or a political subdivision of the Guarantor, or all or substantially all of whose obligations are guaranteed by the Guarantor or a political subdivision of the Guarantor, or the operations of which are conducted primarily in the interest of or for account of the Guarantor or a political subdivision of the Guarantor, as the case may be.

- (4) The term "SENN" means the Società Elettronucleare Nazionale "SENN" per Azioni, a società per azioni with legal domicile in Naples.
- (5) The term "Finelettrica" means Società Finanziaria Elettrica Nazionale per Azioni "FINELETTRICA".
- (6) The term "SME" means Società Meridionale di Elettricità "SME".
- (7) The term "SIP" means Società Idroelettrica Piemonte "SIP".
- (8) The term "Project Agreement" means the Agreement of even date herewith between the Bank of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time by agreement between the Bank and the other parties thereto.
- (9) The term "Subsidiary Loan Agreement" means the Agreement referred to in Section 5.06 of this Loan Agreement to be entered into between the Borrower of the one part and SENN, Finelettrica, SME and SIP of the other part, as the same shall be amended from time to time with the consent of the Bank.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to forty million dollars (\$40,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date 60 days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of _____ per cent (____%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan

Regulations shall be at the rate of one-half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and commitment charge shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

ARTICLE IV

Bonds

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The President, any Vice President or the Director General of the Borrower, and such person or persons as any of them shall appoint in writing to act in his stead, are designated as authorized representatives of the Borrower for the purposes of Section 6.12(a) of the Loan Regulations.

ARTICLE V

Particular Covenants

Section 5.01 (a) The Borrower shall exercise every right and recourse available to it to cause the Project to be carried out with due diligence and efficiency and in accordance with sound engineering, financial and business standards and practices.

(b) The Borrower shall, immediately upon the preparation thereof, cause the plans, specifications, construction schedules and cost estimates for the Project to be furnished to the Bank in such form and detail as the Bank shall reasonably request and shall promptly cause any material modifications therein to be furnished to the Bank.

(c) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operation and financial condition of the Project and the operations and financial condition of SENN. The Borrower shall at the request of the Bank enable, or take such steps as shall be necessary to enable, the Bank's accredited representatives to examine the sites, works and construction included in the Project, the operation thereof, the goods, and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project and the operation thereof, the goods, and the operations and financial condition of SENN.

(d) The operations and transactions of the Borrower in connection with the Project shall be accounted for by the Borrower separately from its other activities.

Section 5.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower such information shall include information with respect to its operations and financial condition.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 5.03. It is the mutual intention of the Borrower and the Bank that no other debt shall enjoy any priority over the Loan by way of a lien on assets of the Borrower. To that end, the Borrower specifically undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien shall ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 5.04. The Borrower shall pay or cause to be paid any and all taxes, duties, charges or fees that shall be imposed on or in connection with the execution, issue, delivery or registration of this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or that shall be imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein upon this Agreement, the Bonds, the Project Agreement or the Guarantee Agreement, or the registration thereof with any Agency or official, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges shall be paid without deduction for and free of any and all such taxes, duties, charges and fees. This Section shall not apply to taxation of any Bond, or payments made under the provisions of any Bond, when the beneficial holder thereof, other than the Bank, shall be an individual or corporate resident of the Guarantor.

Section 5.05. The Borrower shall cause SENN, Finelettrica, SME and SIP punctually to perform all the covenants and agreements on their part to be performed as set forth in the Project Agreement.

Section 5.06. (a) The Borrower shall enter into a loan agreement (the Subsidiary Loan Agreement), adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with SENN, Finelettrica, SME and SIP concerning the financing, construction and operation of the Project and the rights of the Borrower and the Bank with respect thereto.

(b) The Subsidiary Loan Agreement shall include inter alia provisions which will enable the Borrower and the Guarantor to carry out their respective obligations under this Agreement and the Guarantee Agreement and shall

include, without limitation: (i) the right to require that the proceeds of the Loan be applied exclusively to financing the cost of goods required to carry out the Project; (ii) the right to require that the Project be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, including the maintenance of adequate records; (iii) the right to inspect the sites, works and construction included in the Project, the operation thereof, the goods and any relevant records and documents; (iv) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to any of the foregoing, to the operation and financial condition of the Project, to the operations and financial condition of SENN and, to the extent that such information shall relate to their ability to perform their obligations under the Project Agreement and under the Subsidiary Loan Agreement, to the financial condition of Finelettrica, SME and SIP. The Subsidiary Loan Agreement shall also include an undertaking by SENN to perform its obligations under the Project Agreement and appropriate provisions whereby further access by SENN to the proceeds of the Loan may be suspended or cancelled by the Borrower, upon failure by SENN to carry out the terms of the Subsidiary Loan Agreement.

(c) Except as the Bank shall otherwise agree, the Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank; and (except as aforesaid) the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

Section 5.07. Unless otherwise agreed between the Borrower and the Bank, if SENN shall repay, in advance of maturity, part, or all, of its indebtedness under the Subsidiary Loan Agreement, the Borrower shall repay, in advance of maturity, an equivalent amount of the Loan. To any repayment by the Borrower in accordance with this Section, all the provisions of the Loan Regulations relating to repayment in advance of maturity shall be applicable to the extent that they are not inconsistent herewith.

ARTICLE VI

Remedies of the Bank

Section 6.01. (i) If any event specified in paragraphs (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days, or (ii) if any event specified in paragraph (c) or (j) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 6.02. The following are specified as additional events for the purposes of Section 5.02 (j) of the Loan Regulations:

(a) Circumstances shall have arisen which shall make it improbable that an appropriate supply of nuclear fuel will be available for the Project.

(b) The Letter of Intent between SENN and the International General Electric Co., dated February 4, 1959, or any extension thereof, shall have terminated before a definitive contract between SENN and the General Electric Co., or a subsidiary thereof, with terms as outlined in general in said Letter of Intent, shall have become effective; or, before the completion of its portion of the Project, the General Electric Co. or

such subsidiary shall have permanently discontinued work on the Project or shall have discontinued work on the Project for an unreasonable time and in either event no other arrangement satisfactory to the Bank shall have been made by SENN to complete the Project.

ARTICLE VII

Effective Date; Termination

Section 7.01. The following events are specified for the purposes of Section 9.01 (a)(ii) of the Loan Regulations:

(a) The Subsidiary Loan Agreement has been duly executed in form satisfactory to the Bank and has become fully effective and binding upon the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement.

(b) Arrangements satisfactory to the Bank have been made for the supply of nuclear fuel for the Project.

(c) Except as the Bank shall otherwise agree, SENN has obtained all necessary consents and approvals for the construction and operation of the Project.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02(e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank:

(a) that, except as stated in such opinion, SENN has full power and authority to construct and operate the Project and has all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given;

(b) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and

constitutes a valid and binding obligation of the parties in accordance with its terms;

(c) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, that all acts, consents, validations and approvals necessary under the laws of the Guarantor to render said Agreement valid and effective have been duly performed or given and that the said Agreement constitutes a valid and binding obligation of the parties in accordance with its terms.

Section 7.03. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VIII

Miscellaneous

Section 8.01. The Closing Date shall be June 30, 1963.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

Alternative address for cablegrams and radiograms:

INTBAFRAD, Washington, D.C.

For the Borrower:

Cassa per il Mezzogiorno
Piazza dei Congressi N.20 (EUR)
Rome, Italy

Alternative address for cablegrams and radiograms:

CASMEZ, Rome

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
President

CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA MERIDIONALE (CASSA PER IL MEZZOGIORNO)

By _____
President

SCHEDULE I

Amortization Schedule

Date Payment Due

Payment of Principal
(expressed in dollars)*

[To be inserted]

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Premiums on Prepayment and Redemption

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05(b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

Time of Prepayment or Redemption

Premium

[To be inserted]

SCHEDULE 2

Description of Project

The Project consists of a complete nuclear power station (the Garigliano Nuclear Power Station), to be located at S. Venditto approximately 7 kilometers from the mouth of the Garigliano River in Southern Italy, of the type generally described as a boiling water cooled and moderated, enriched uranium fuelled, nuclear power reactor, having the following performance characteristics:

Gross generator output	160,000 KW
Net electric output	150,000 KW
Reactor Power	507,800 KW
Net Plant heat rate	11,553 BTU/KWH
Reactor Pressure	1,015 psia
Secondary steam generator pressure	500 psia

SENN has entered into a letter of intent with the International General Electric Company covering in general terms the design and supply of the nuclear portions of the plant. The International General Electric Company has informed SENN that there is a reasonable prospect that reactor power may be increased by approximately 50% and accordingly the Project may include certain oversized components to permit the later installation of additional turbogenerator facilities which are not, however, included in the Project.

The Project also includes the necessary turbogenerator and conventional power plant equipment, the civil works necessary for the complete station, a related primary step-up substation, approximately 100 kilometers of single circuit 220 KV transmission lines connecting the power

station to the substations at Ceprano and Fratta Maggiore, the fabrication and installation of the first core of the reactor and the fabrication of certain spare fuel elements, spare parts for the complete station, and the engineering and administrative work necessary during the design and construction period.

The date on which the Project is expected to be available for the supply of electricity is June 30, 1963.

SCHEDULE 3

Modifications of the Loan Regulations

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows:

- (a) Section 2.02 is deleted.
- (b) The second sentence of Section 3.01 is amended to read as follows:
"The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the currency of the Guarantor or acquired from sources within the territory of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any convertible currency selected by the Bank."
- (c) The following sentence is added to Section 3.05:
"If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank."
- (d) The second sentence of Section 4.01 is amended to read as follows:
"Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the territories of any country (other than Switzerland) which is not

a member of the Bank or for goods produced in (including services supplied from) such territories."

- (e) The last paragraph of Section 5.02 is amended to read as follows:

"The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described in this Section."

- (f) Section 6.17 is amended by inserting the words "or the Project Agreement" after the words "the Guarantee Agreement".

- (g) Sections 7.01 and 7.02 are amended to read as follows:

"Section 7.01. Enforceability. The rights and obligations of the Bank, the Borrower and the Guarantor under the Loan Agreement, the Project Agreement, the Guarantee Agreement and the Bonds shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary. Neither the Bank nor the Borrower nor the Guarantor shall be entitled in any proceeding under this Article

to assert any claim that any provision of these Regulations or of the Loan Agreement, the Guarantee Agreement, the Project Agreement or the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

"Section 7.02. Obligations of Guarantor. The obligations of the Guarantor under the Guarantee Agreement shall not be discharged except by performance and then only to the extent of such performance. Such obligations shall not be subject to any prior notice to, demand upon or action against the Borrower or SENN or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower or SENN, and shall not be impaired by any of the following: any extension of time, forbearance or concession given to the Borrower or SENN; any assertion of, or failure to assert, or delay in asserting, any right, power or remedy against the Borrower or SENN or in respect of any security for the Loan; any modification or amplification of the provisions of the Loan Agreement or of the Project Agreement contemplated by the terms thereof; any modification or amplification of any other document related to the Loan or related to any security therefor; or any failure of the Borrower or SENN to comply with any requirement of any law, regulation or order of the Guarantor or of any political subdivision or Agency of the Guarantor."

- (h) Section 7.03 is amended by inserting the words "or Project Agreement" after the words "Guarantee Agreement".
- (i) Paragraph 6 of Section 10.01 is amended to read: "The term 'Guarantor' means the Republic of Italy."
- (j) Paragraph 11 of Section 10.01 is amended to read as follows:
"The term 'external debt' means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium."

DRAFT
July 23, 1959

[Letterhead]

[Date]

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

With reference to the Project Agreement of even date between the Bank and SENN, Finelettrica, SME and SIP, we wish to inform you that SENN will conduct its operations in accordance with sound business principles in order to ensure, within the framework of the legislative provisions on electricity, a sound financial position, not only in respect of covering its operating expenses (including duties, taxes and interest), but also in the setting up of funds for depreciation, maintenance and renewals adequate to meet both amortization requirements and possible larger needs for technical and economic depreciation.

Very truly yours,

SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN"
PER AZIONI

By: _____
President

CONFIDENTIAL DRAFT
(Subject to Change)
July 22, 1959

LOAN NUMBER SENN IT

DECLASSIFIED

JUL 29 2013

WBG ARCHIVES

PROJECT AGREEMENT
(SENN Nuclear Power Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN"
PER AZIONI

and

SOCIETA' FINANZIARIA ELETTRICA NAZIONALE
PER AZIONI "FINELETTRICA"

and

SOCIETA' MERIDIONALE DI ELETTRICITA' "SME"

and

SOCIETA' IDROELETTRICA PIEMONTE "SIP"

Dated _____ 1959

PROJECT AGREEMENT

AGREEMENT, dated _____, 1959, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the one part and SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN" PER AZIONI (hereinafter called SENN), SOCIETA' FINANZIARIA ELETTRICA NAZIONALE PER AZIONI (hereinafter called Finelettrica), SOCIETA' MERIDIONALE DI ELETTRICITA' (hereinafter called SME) and SOCIETA' IDROELETTRICA PIEMONTE (hereinafter called SIP), of the other part.

WHEREAS by agreement of even date herewith between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (hereinafter called the Borrower), which agreement and the schedules and loan regulations therein referred to and incorporated, together with any changes which may be made therein in accordance with the provisions thereof, are hereinafter called the Loan Agreement, the Bank has agreed to make a loan to the Borrower in various currencies in an amount equivalent to forty million dollars (\$40,000,000) on the terms and conditions set forth in the Loan Agreement, to be re-lent to SENN, but only on condition that SENN, Finelettrica, SME and SIP agree to undertake certain obligations to the Bank as hereinafter provided; and

WHEREAS SENN, Finelettrica, SME and SIP have agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement (as above defined)

shall have the respective meanings therein set forth.

ARTICLE II

Particular Covenants of SENN

SENN hereby covenants as follows:

Section 1. SENN will carry out the Project with due diligence and efficiency and in accordance with sound engineering and financial standards.

Section 2. SENN will, immediately upon the preparation thereof, furnish to the Bank the plans, specifications, construction schedules and cost estimates for the Project in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications will be promptly furnished to the Bank.

Section 3. SENN will maintain books, accounts and records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of construction and the results of operation of the Project, and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of SENN.

Section 4. SENN will furnish or cause to be furnished to the Bank all such information, at such times, in such form and in such detail as the Bank shall reasonably request, relating to expenditures on the Project, the progress of construction of the Project, the operation of the Project, the goods, and the operations and financial condition of SENN.

Section 5. SENN will enable accredited representatives of the Bank to inspect the sites, works and construction included in the Project, the goods, and any other properties or equipment owned or operated by SENN; to examine any books, accounts, records, contracts, orders, invoices, studies, reports or

other documents relating to expenditures for the Project or to the progress of construction, maintenance and results of operation of the Project or otherwise to the operations and financial condition of SENN.

Section 6. SENN will at all times operate its business and maintain, renew, repair and operate its plants, machinery, equipment and property, including the Project, all in accordance with sound engineering, financial and public utility standards and practices.

Section 7. In order to carry out this Agreement it is necessary that the corporate existence of SENN and its right to carry on operations be maintained, and that (except as the Bank shall otherwise agree in writing) all rights, powers, concessions, privileges and franchises necessary for the conduct of its business and for the construction and operation of the Project be acquired, maintained and renewed.

Section 8. In order that the Bank and SENN may cooperate to the fullest extent in assuring that the purposes of this Agreement shall be accomplished:

(a) SENN will promptly inform the Bank of any condition which prevents, or threatens to prevent, the performance by SENN of its obligations under this Agreement or the Subsidiary Loan Agreement.

(b) Each party to this Agreement shall, from time to time, as any other party shall reasonably request, afford such other party all reasonable opportunity for exchanges of views between their respective accredited representatives in regard to any and all matters relating to the Project and the matters covered by this Agreement and the Subsidiary Loan Agreement.

Section 9. SENN will, as soon as practicable, and, unless the Bank shall otherwise agree, in any event within 60 days after the date of this Agreement, enter, together with Finelettrica, SME and SIP, into an agreement

(the Subsidiary Loan Agreement) with the Borrower providing for the terms and conditions on which the Borrower will finance the Project. Such agreement and any arrangements necessary therewith will comply with the requirements of the Loan Agreement and include an undertaking by SENN, Finelettrica, SME and SIP to the Borrower to perform their respective obligations under this Agreement.

Section 10. Except as the Bank and the Borrower shall otherwise agree, SENN (i) will not amend its charter and (ii) will not repay any shareholders' advances provided for the construction of the Project.

Section 11. SENN will insure against such risks and in such amounts as shall be appropriate in the circumstances for a plant of the character of the Project and, except as the Bank shall otherwise agree, SENN will insure or cause to be insured the goods to be used for the construction and operation of the Project against risk incident to their purchase and importation into the territory of the Guarantor and the delivery thereof to the site of the Project.

Section 12. SENN will do everything necessary to carry out its obligations under this Agreement.

ARTICLE III

Provisions Relating to Finelettrica, SME and SIP

Section 1. Finelettrica, SME and SIP unconditionally guarantee, jointly and severally, the due and punctual performance by SENN of all the covenants and agreements on the part of SENN to be performed under this Agreement and under the Subsidiary Loan Agreement. If Finelettrica, SME or SIP are required to provide funds to SENN under this Article, such funds shall be provided as capital or as shareholders' advances.

Section 2. Finelettrica, SME and SIP shall join in the Subsidiary Loan Agreement as sureties, granting joint and several suretyship for the due

and punctual performance of all the obligations of SENN to be performed thereunder.

Section 3. Finelettrica, SME and SIP shall cause the Project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards, acting in SENN's stead in the fulfillment of all obligations under the present Agreement and the Subsidiary Loan Agreement in the event that SENN should not fulfill such obligations.

Section 4. Finelettrica, SME and SIP shall give to the Bank such information as the Bank shall reasonably request relating to their financial condition to the extent that such information shall relate to their ability to perform their obligations under this Agreement and under the Subsidiary Loan Agreement.

Section 5. The obligations of Finelettrica, SME and SIP under this Agreement shall not be impaired by: (i) any extension of time or forbearance given by the Bank or the Borrower to SENN; or (ii) any assertion of, or failure to assert, any right or remedy of the Bank or Borrower against SENN, provided that no such extension of time, or forbearance, or assertion of, or failure to assert, any such right or remedy, shall be deemed to impair the rights of Finelettrica, SME and SIP against SENN.

ARTICLE IV

Loan Agreement

The obligations undertaken by SENN, Finelettrica, SME and SIP in this Agreement shall not in any way prejudice the powers of the Borrower pursuant to Section 5.06 of the Loan Agreement.

ARTICLE V

Effective Date; Termination

Section 1. This Agreement shall come into force and effect on the date when the Loan Agreement and the Guarantee Agreement shall become effective as provided in the Loan Agreement.

Section 2. This Agreement shall terminate and the obligations of the parties hereunder shall cease and determine: (i) if, pursuant to Section 9.04 of the Loan Regulations, the Bank shall terminate the Loan Agreement; (ii) if the requirements set forth in Section 9 of Article II and Section 2 of Article III hereof shall not be complied with and the Bank shall notify SENN of its election to terminate this Agreement; (iii) by agreement between the Bank, the Borrower and SENN; or (iv) if and when all principal, interest and other sums payable by SENN, Finelettrica, SME and SIP under the Subsidiary Loan Agreement shall have been paid.

ARTICLE VI

Miscellaneous Provisions

Section 1. No holder (other than the Bank) of any Bond shall by virtue of being holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement.

Section 2. Any notice, demand or request required or permitted to be given or made under this Agreement shall be in writing and shall be deemed to have been duly given or made when it shall be delivered in writing or by telegram, cable or radiogram to the party to which such notice, demand or request is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by

notice in writing to the party giving or making such notice, demand or request.

The addresses so specified are:

(a) For the Bank:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.
United States of America

(b) For SENN:

Società Elettromucleare Nazionale "SENN"
per Azioni
Via Torino, 6.
Roma
Italia

(c) For Finelettrica:

Società Finanziaria Elettrica Nazionale
Via Aniene, 14
Roma
Italia

(d) For SME:

Società Meridionale di Elettricità
Via P.E. Imbriani, 42
Napoli
Italia

(e) For SIP:

Società Idroelettrica Piemonte
Via Bertola, 40
Torino
Italia

Section 3. This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

Section 4. SENN, Finelettrica, SME and SIP shall each furnish to the Bank sufficient evidence of the authority of the person or persons who will, on its behalf, take any action or execute any documents required or permitted

to be taken or executed, pursuant to any of the provisions of this Agreement, and the authenticated specimen signature of each such person.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By _____
President

SOCIETA' ELETTRONUCLEARE NAZIONALE "SENN"
PER AZIONI

By _____
Authorized Representative

SOCIETA' FINANZIARIA ELETTRICA NAZIONALE
PER AZIONI "FINELETTRICA"

By _____
Authorized Representative

SOCIETA' MERIDIONALE DI ELETTRICITA' "SME"

By _____
Authorized Representative

SOCIETA' IDROELETTRICA PIEMONTE "SIP"

By _____
Authorized Representative

IT-200
File P-100

INCOMING WIRE

RC 8

DATE OF WIRE: JULY 15, 1959

TO: IBRD

FROM:

LONDON

TEXT:

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

LEAVING TODAY PAA FLIGHT 103 ARRIVING NEW YORK 17.35

MASON

NOTIFICATION BEING MADE

ORIGINAL

INCOMING WIRE

RECEIVED
ACTION COPY TO: MR. COOK
INFORMATION COPY TO:
Handled By:

JULY 15, 1958

DATE OF WIRE:

TO:

FROM:

LEADER:

TEXT:

REPLYING TO WIRE FROM MR. COOK JULY 15, 1958

REPLY:

REPLYING TO WIRE FROM MR. COOK

JUL 15 10 13 AM 1958
 TELETYPE UNIT
 WASH DC



Record Removal Notice

The World Bank Group
Archives
& Records Management

File Title Nuclear Power Project - Italy - Loan 0235 - P037419 - Negotiations - Volume 4	Barcode No. 1854245
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Document Date Jul 2, 1959	Document Type Outgoing wire
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Correspondents / Participants To : H. Scott From : Nurick
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Subject / Title Suggested Amendments to Loan and Project Agreements

Exception No(s). <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input checked="" type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict

Reason for Removal Attorney - Client Privilege
--

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.	
Withdrawn by Chandra Kumar	Date Jul 29, 2013

TO: MASON
GRANOTEL
ROME

PINK

DATE: July 2, 1959

CLASS OF SERVICE: FULL RATE

copy

COUNTRY: ITALY

TEXT:

mt

THREE RELIEVED RECEIVE YOUR THREE STOP BLACK EXPECTED BE PRESENT ALL
WEEK AND COULD CONVENIENTLY SIGN FIFTEENTH SIXTEENTH OR SEVENTEENTH

LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME J. H. Collier
Department of Operations, EAA

DEPT.

SIGNATURE _____

MLLejeune:JHCollier:fgs

TRANSMITTAL COPY

OUTGOING WIRE

TO: MASON
GEORGETOWN
GUYANA

COUNTRY: ITALY
TEXT:

PINK
COPY

WIRE

DATE: July 2, 1959
CLASS OF SERVICE:
FULL RATE

THESE BELIEVED RECEIVE YOUR THESE STOP BLACK EXPECTED BE PRESENT ALL
WIRE AND GOND CONVENIENTLY SIGN FIFTEENTH SIXTEENTH OR SEVENTEENTH
RELEASE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME: J. H. Collier
Department of Operations, EAA

DEPT.

SIGNATURE: JUL 2 1 00 PM 1959

TRANSMITTED COPY
GENERAL FILES
CORRESPONDENCE
Mlle Jeanne: HCO: Jier: lga

FILED

TO: COPE
INTBAFRAD
LONDON

DATE: July 2, 1959

CLASS OF
SERVICE: NLT

MRT

COUNTRY: ENGLAND

TEXT:
Cable No.:

26

MASON CABLES THAT SENN HAS DROPPED EURATOM APPROACH AND WILL OBTAIN
FULL AMOUNT FROM BANK STOP THEY WISH TO SIGN BETWEEN 14 AND 18
SEPTEMBER WHICH IS ALSO CONVENIENT TO US STOP MASON ARRIVES LONDON
WEDNESDAY JULY 8

LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME J. H. Collier
DEPT. Department of Operations, EAA

SIGNATURE *J.H. Collier*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

J.H. Collier:fgs
ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

Checked for Dispatch: _____

OUTGOING WIRE

DATE: July 2, 1959
CLASS OF SERVICE: NLT

Mr

TO: COIF
INTERNATIONAL
LONDON
COUNTRY: ENGLAND
TEXT:
Cable No.:

WEDNESDAY JULY 8
SEPTEMBER WHICH IS ALSO GOVERNMENT TO US STOP MASON ARRIVES LONDON
FULL AMOUNT FROM BANK STOP THEY WISH TO SIGN BETWEEN IA AND IS
MASON CABLES THAT SEEN HAS DROPPED EURATOM APPROACH AND WILL OBTAIN

LEJEUNE

NOT TO BE TRANSMITTED

CLEARANCES AND COPY DISTRIBUTION:

MESSAGE AUTHORIZED BY:

NAME: J. H. Collier
DEPT.: Department of Operations & MA
SIGNATURE: *J. H. Collier*

SIGNATURE OF INDIVIDUAL AUTHORIZED TO TRANSMIT: *J. H. Collier*
JUL 2 6 10 PM 1959

For Use by Archives Division

RECEIVED
GENERAL FILES
CONGRESS/PHIDRAC
J. H. Collier: 123
ORIGINAL (File Copy)
INSTRUCTIONS: See back of yellow copy for guide in preparing form

Checked for Discrepancy

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION

WU/10 **INCOMING WIRE**

DATE OF WIRE: July 2, 1959

TO: INTBAFRAD

FROM: RCMA

ROUTING	
ACTION COPY TO	MR. LEJEUNE
INFORMATION COPY TO	<i>[Handwritten initials]</i>
Decoded By	

TEXT:

✓ ✓ ✓
 THREE REUR ONE AND TWO FINELETTRICA AND SENN AGREE DROP
 INFORMAL SUGGESTION AND WILL ADVISE EURATOM
 NEGOTIATIONS HAVE BEEN CONCLUDED WITH BANK FOR FULL
 AMOUNT LOAN STOP LARGE DELEGATION HEADED PASTORE AND
 FASCETTI COMING WASHINGTON FOR SIGNING STOP ITALIANS
 SUGGEST ANY DATE BETWEEN 14 AND 18 SEPTEMBER
 CONVENIENT BLACK STOP WOULD APPRECIATE REPLY RE SIGNING
 DATE TODAY AS ITALIANS WANT START MAKING ARRANGEMENTS
 SOONEST STOP LEAVING ROME FRIDAY REPORTING LONDON OFFICE
 WEDNESDAY STOP SCOTT LEAVING ROME SUNDAY FOR VACATION
 MASON

Mr. Cottin
FILES

MEMORANDUM FOR THE DIRECTOR

REPLY TO
ACTION COPY TO MR. [Name]
INFORMATION COPY TO [Name]
Decoded by [Name]

JUL 2, 1959

DATE OF FILE

URGENT

TO

FROM

FROM

TEXT

INTERNAL SECURITY AND ALL OTHER MATTERS
 NEGOTIATIONS HAVE BEEN CONCLUDED WITH THE
 SUBJECT OF THE MATTER FOR THE YEAR 1958
 SUBJECT MATTER WITHIN 15 AND 18 MONTHS
 CURRENT MATTER WITHIN 15 AND 18 MONTHS
 SUBJECT MATTER WITHIN 15 AND 18 MONTHS
 SUBJECT MATTER WITHIN 15 AND 18 MONTHS
 SUBJECT MATTER WITHIN 15 AND 18 MONTHS
 SUBJECT MATTER WITHIN 15 AND 18 MONTHS

JUL 2 11 39 AM 1959

GENERAL FILES

TYPED

OUTGOING WIRE

CLASS OF SERVICE: **FULLRATE**

DATE: **JULY 1, 1959**

TO: **HUGH SCOTT
GRANOTEL
ROME ITALY**

cut

COUNTRY (

TEXT: **INSURANCE LANGUAGE REFERRED YOUR LETTER COVERS ONLY RISKS INVOLVED**

Cable No. **IN MOVING GOODS TO PROJECT SITE AND ASSUMES RISKS START AT TIME OF
PURCHASE FULLSTOP**

CLARK

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: **EEClark**

EEClark

DEPT: **Legal**

SIGNATURE: _____
(Signature of individual authorized to approve cable).

EEClark/ams

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
OUTGOING WIRES
GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

6961 11 25 AM 1959

DISPATCHED

ORIGINAL FILED

26th June 1959

Mrs

GRAND HOTEL 1

ROME

Letter No 1.

Dear Pike

- 1 CORBIN will take this note to you, as I think you may wish to know how I feel on the subject of Eumont joining in the financing of SENN which I raised in my cable No 2.
- 2 Since sending the cable, we have seen Pescatore and asked him his opinion on the matter. On being pressed Pescatore admitted that he would prefer, from the point of view of the Cassa, the simpler approach of one creditor. Further he was sure that bringing Eumont in at this late date would cause very considerable delay to the detriment of

the Project. He said that after Bianchi raised the suggestion with us, he telephoned Pescatore to tell him about it.

Pescatore said as primary borrower he would have preferred to have been consulted before the suggestion was made.

Further he said that, if the Bank were to turn down the informal suggestion, he was sure that nothing more would be heard of it. He added that, in his opinion, if the Bank turned down the suggestion, it ^{should} be done on the ground of practical difficulties rather than institutional difficulties.

3 We have also had an opportunity of talking to Governor Menichella. While he did not want to comment directly he observed that the Bank had been involved in this project and bringing Escatore in now

would lead to inevitable delay. He doesn't believe Farnham joining in the financing of the loan would add to the Bank's prestige. However the lower interest rate could be an argument on the other side.

4 I agree with the two opinions and would think it

not worth while sounding out Farnham at this late

date. From what Condit told Raymond Condit and

myself just before I left Washington, Farnham is

not keen to join in the financing.

The "prestige" argument is not quite what he was and Biscardi told us the savings in the rate of

interest was not important.

5

No changes of importance have been made in the draft

loan Agreement Knight told us Condit will explain

the changes we agreed to in the Project Agreement

and the reasons for so doing. As it now reads, I believe it fulfills the recommendations made in Raymond's

SLE Memorandum (SLE/0/1004)

6. Scott and I expect to finish here by the 3rd July after which I am proposing to take a week's leave. I shall however be guided by the response to my cable No 2, and by the fact that after examination of the Subsidiary Loan Agreements of 224 IT, it may prove necessary to spend a day or two in Brussels

With best regards

Yours sincerely

G. Stewart Mason.

ITALCABLE

Prefisso e Numero - Provenienza - Numero Parole - Data - Ore - Indicazioni eventuali

PER LA RISPOSTA
TELEFONATE AL N. 666

W
A500 PG2/32/31



TELEGRAMMA via Italcable via Italo Radio

1959 LUG 1 3 56

Spazio riservato agli estremi di ricevimento

CNI

OR211

YOU MUST RETURN THEM STOP IPPOLITO ALSO COOL TO JOINT FINANCING
WHCIH HE THINKS WILL DELAY PROJECT STOP YOU MAY WISH TO TALK
WITH HIM RE ITALGOV VIEWS REGARDS
ALLARDICE INTBAFRAD

MOD. 100/1 - M.L.T. 94

Il Governo Italiano e la Società Italcable non assumono alcuna responsabilità in conseguenza del servizio telegrafico
Le tariffe « VIA ITALCABLE » e « VIA ITALO RADIO » sono uguali a quelle delle vie meno costose

ITALCABLE

Prefisso e Numero - Provenienza - Numero Parole - Data - Ore - Indicazioni eventuali

PER LA RISPOSTA
TELEFONATE AL N. 666

OR211/WA500 VIA MRT
WASHINGTONDC 82/81 30 6P



TELEGRAMMA via Italcable via Italo Radio

1959 LUG 1 3 56 181

Spazio riservato agli estremi di ricevimento

CNI

LT
STEWART MASON
GRANOTEL ROMEITALY

2 HOWELL PREFERS YOU RETURN MEDALLONS TO ZENARI IF YOU CAN DO SO
WITHOUT OFFENDING HIM STOP SUGGESTS APPROACH THAT YOU HAVE JUST
BECOME AWARE OF THEIR INTRINSIC VALUE WHICH IS BEYOND BEING
CONSIDERED SIMPLE SOUVENIRS AND IN VIEW BANK POLICY ON GIFTS OF
VALUE

MOD. 100/1 - M.L.T. 94

Il Governo Italiano e la Società Italcable non assumono alcuna responsabilità in conseguenza del servizio telegrafico
Le tariffe « VIA ITALCABLE » e « VIA ITALO RADIO » sono uguali a quelle delle vie meno costose

TO: MASON
GRANOTEL
ROME

DATE: July 1, 1959

CLASS OF SERVICE: FULL RATE

COUNTRY: ITALY

TEXT:
Cable No.:

mut

TWO FOLLOWING IS AMPLIFICATION OF PHRASE IN MY ONE READING QUOTE PROVIDED IT IS ON TERMS NOT MORE FAVORABLE TO BORROWER UNQUOTE STOP THIS MEANS WE WOULD NOT LIKE EURATOM LOAN TO CONTAIN ANY UNBUSINESSLIKE CONCESSIONS TO SENN WHICH COULD CONSTITUTE A SUBSIDY ELEMENT ALTHOUGH WE REALIZE INTEREST RATE IS FIXED STOP NATURALLY ALSO WE WOULD NOT AGREE TO EURATOM OBTAINING MORE FAVORABLE TERMS THAN OURSELVES IN RESPECT OF SECURITY COMMA MATURITY COMMA PREPAYMENT PROVISIONS ETC

LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME J. H. Collier
DEPT. Department of Operations, EAA

SIGNATURE *[Signature]*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

JHCollier:fgs
ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared and copy to Mr. Allardice

For Use by Archives Division

Checked for Dispatch: _____

OUTGOING WIRE

INTERNATIONAL FINANCE
CORPORATION

TO:

MASON
GRANTER
ROME

COUNTRY:

ITALY

TEXT:

Cable No.:

DATE:

July 1, 1959

CLASS OF
SERVICE:

FULL RATE

Handwritten mark

DISPATCHED

GENERAL FILES
CORRESPONDENCE

JUL 1 2 37 PM 1959

TWO FOLLOWING IS AMPLIFICATION OF PHRASE IN MY ONE READING QUOTE
PROVIDED IT IS ON TERMS NOT MORE FAVORABLE TO BORROWER UNQUOTE STOP
THIS MEANS WE WOULD NOT LIKE BURTON LOAN TO CONTAIN ANY UNBUSINESSLIKE
CONCESSIONS TO SEEM WHICH WOULD CONSTITUTE A SUBSIDY ELEMENT ALTHOUGH
WE REALIZE INTEREST RATE IS FIXED STOP NATURALLY ALSO WE WOULD NOT
AGREE TO BURTON OBTAINING MORE FAVORABLE TERMS THAN OURSELVES IN
RESPECT OF SECURITY COMMA MATURITY COMMA PREPAYMENT PROVISIONS ETC

LEJUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME: I. H. Collier
DEPT: Department of Operations, EAA

SIGNATURE: *[Handwritten Signature]*
SIGNATURE OF EMPLOYEE AUTHORIZED TO APPROVE

JHC:ljw:lys
ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared and copy to Mr. Allard

For Use by Archives Division

Checked for Dispatch

IT-Senn

TO:

INTBAFRAD
PARIS

DATE:

JUNE 29, 1959

CLASS OF
SERVICE:

NLT

COUNTRY:

FRANCE

TEXT:

Cable No.:

124

W K

FOR COPE

PRIMO ALLARDICE HAS RETURNED FROM ROME BRINGING FURTHER INFORMATION
ON SENN'S INTEREST IN EURATOM STOP NOW APPEARS LESS IF ANY REASON
TO HAVE EURATOM PARTICIPATION STOP WILL PHONE YOU NINE THIRTY
WASHINGTON TIME TUESDAY TO GIVE LATEST SITUATION SECUNDO CAN YOU
CONFIRM THAT BLACK SIGNED AND DISPATCHED LETTER TO MENZIES REGARDS

LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME M. L. Lejeune
DEPT. Operations - Europe, Africa and
Australasia

SIGNATURE

M. L. Lejeune
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

MLejeune:mmr

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(IMPORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: _____

TO: STEWART MASON
GRAND HOTEL
ROME

DATE: JUNE 30, 1959

CLASS OF
SERVICE: LETTER TELEGRAM

COUNTRY: ITALY

mut

TEXT: /
Cable No.: ONE

REUR NO. TWO PRIMO FOR YOUR INFORMATION ONLY COMMA AT PRIVATE MEETING WITH BLACK
IN WASHINGTON EARLY JUNE HIRSCH INFORMALLY ASKED WHETHER BANK PREPARED TO HAVE
EURATOM PARTICIPATE SENN LOAN STOP BLACK SAID HE DID NOT LOOK WITH FAVOR ON SUCH
A JOINT FINANCING BUT LATER EXPLAINED THIS STATEMENT WAS BASED ON ASSUMPTION EURATOM
LOAN WOULD BE TIED TO U.S. PURCHASES WHICH HIRSCH DENIED STOP SECUNDO AFTER CAREFUL
CONSIDERATION POINTS RAISED IN YOUR CABLE AND LETTER AS AMPLIFIED BY CORBIN MANAGEMENT
DOES NOT WISH TO ENCOURAGE JOINT OPERATION PARTICULARLY IN ABSENCE OF REAL DESIRE
OFFICIALLY EXPRESSED ON PART OF CASSA AND GOVERNMENT STOP MANAGEMENT IS FULLY
PREPARED TO RECOMMEND TO BOARD A LOAN FOR THE FULL AMOUNT BASED ON PROJECT AS PRESENTED
AND AGREEMENTS AS NOW NEGOTIATED STOP PLEASE MAKE THIS PLAIN TO ITALIANS STOP TO
BRING IN A PARTICIPANT AT THIS STAGE WOULD APPEAR UNNECESSARILY TO COMPLICATE AND
DELAY CONSUMMATION OF LOAN STOP WE DO NOT WISH OURSELVES INVITE EURATOM PARTICIPATION
OR ASSUME RESPONSIBILITY FOR ARRANGING IT STOP ANY MOVE IN THAT DIRECTION MUST BE THE
RESPONSIBILITY OF THE ITALIANS WHO MUST ASSUME RISK OF PRACTICAL DIFFICULTIES AND
POSSIBLE INTEREST RATE ¹CHANGE STOP IF ITALIANS EXPRESS DEFINITE PREFERENCE FOR
EURATOM PARTICIPATION WE WOULD FEEL WE OUGHT TO CONSIDER IT PROVIDED IT IS ON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE _____

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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(IMPORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: _____

TO:

DATE:

CLASS OF
SERVICE:

COUNTRY:

mont

TEXT:

Cable No.:

Borrower

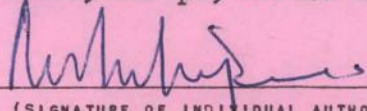
TERMS NOT MORE FAVORABLE TO ~~LENDER~~ AND ON UNTIED BASIS BUT CAN GIVE NO ADVANCE
ASSURANCE THAT PRACTICAL DIFFICULTIES WOULD NOT EMERGE THAT WOULD MAKE JOINT
FINANCING UNFEASIBLE STOP WE FEEL PRESTIGE ARGUMENT UNPERSUASIVE ESPECIALLY
IN LIGHT OF CLOSE EURATOM COOPERATION IN PROVIDING FUEL FOR SENN REACTOR WHICH
BANK WELCOMES STOP BELIEVE SUCH CLOSE COOPERATION WHICH WOULD BE NOTED IN PRESS
RELEASES AT TIME OF SIGNING ADEQUATELY MEETS DESIRE FOR INTIMATE TIE TO EURATOM
PROGRAM STOP PLEASE DISCUSS WITH ITALIANS AND REPORT TO ME BEFORE YOU LEAVE ~~STOP~~

LEJEUNE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME M.L. Lejeune
Operations, Europe, Africa & Australasia
DEPT.

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

MLLejeune/DSommers/vhw

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

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Checked for Dispatch: _____

INCOMING WIRE

RC 2

JUNE 25, 1959

DATE OF WIRE:

TO: IBRD

FROM: ROMA

TEXT:

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	MR. FRENCH
Decoded By	TECH.OP

TWO FOR COPE HAVE AGREED DRAFT LOAN AND PROJECT AGREEMENTS WHICH ALLARDICE WILL GIVE YOU MONDAY STOP SCOTT AND I WILL REMAIN TO CONCLUDE DRAFT CASSA SENN AGREEMENT AND DISCUSS SUBSIDIARY LOAN AGREEMENTS 224 IT STOP TODAY FINELETTRICA AND SENN ASKED WHETHER BANK WOULD JOIN WITH EURATOM IN MAKING LOAN STATING ITALIAN GOVERNMENT HAS NO OBJECTIONS AND PROPORTION TO EURATOM AT DISCRETION BANK STOP REASON STATED WAS PRESTIGE WHICH JOINT FINANCING WOULD GIVE PROJECT AND ASSISTANCE TO EURATOM IN ENTERING ATOMIC FIELD RATHER THAN FINANCIAL ADVANTAGE SLIGHTLY LOWER INTEREST RATE STOP ALLARDICE WILL DISCUSS DETAILS WITH VIEW GETTING YOUR ANSWER BY END NEXT WEEK STOP ITALIANS MADE CLEAR THAT IF BANKS ANSWER NEGATIVE ITALIANS WOULD SIGN FOR TOTAL LOAN WITH BANK STOP FOR FRENCH FASCETTI REGRETS MARSAN UNAVAILABLE BECAUSE WORKING WITH GREEK GOVERNMENT FOR NEXT SIX MONTHS STOP FOR GROENVELD FAO TURKEY REPORT AIRMAILED 23 TO LEJEUNE STOP ^{COPY} COPE AIRMAILED WILLIAMS FUND LAST WEEK

MASON

cc Mr. heyzine
Copy sent to Mr. Knapp 6/26
" " to Mr. Collier 6/26

ORIGINAL

RECEIVED

GENERAL FILES
CORRESPONDENCE

JUN 26 9 07 AM 1959

[Handwritten notes]

11732

MEMORANDUM FOR THE DIRECTOR OF THE FBI
SUBJECT: [Illegible]

TO: DIRECTOR
FROM: SAC, [Illegible]
DATE: [Illegible]

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 26 1959	
FBI - [Illegible]	

INFORMING THE

[Illegible footer text]

Mr. Lejeune
- IT-Senn

INCOMING WIRE

RC 2

JUNE 25, 1959

DATE OF WIRE:

TO: **IBRD**

FROM: **ROMA**

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	MR. FRENCH
Decoded By	TECH.OP

TEXT:

TWO FOR COPE HAVE AGREED DRAFT LOAN AND PROJECT AGREEMENTS WHICH ALLARDICE WILL GIVE YOU MONDAY STOP SCOTT AND I WILL REMAIN TO CONCLUDE DRAFT CASSA SENN AGREEMENT AND DISCUSS SUBSIDIARY LOAN AGREEMENTS 224 IT STOP TODAY FINELETTRICA AND SENN ASKED WHETHER BANK WOULD JOIN WITH EURATOM IN MAKING LOAN STATING ITALIAN GOVERNMENT HAS NO OBJECTIONS AND PROPORTION TO EURATOM AT DISCRETION BANK STOP REASON STATED WAS PRESTIGE WHICH JOINT FINANCING WOULD GIVE PROJECT AND ASSISTANCE TO EURATOM IN ENTERING ATOMIC FIELD RATHER THAN FINANCIAL ADVANTAGE SLIGHTLY LOWER INTEREST RATE STOP ALLARDICE WILL DISCUSS DETAILS WITH VIEW GETTING YOUR ANSWER BY END NEXT WEEK STOP ITALIANS MADE CLEAR THAT IF BANKS ANSWER NEGATIVE ITALIANS WOULD SIGN FOR TOTAL LOAN WITH BANK STOP FOR FRENCH FASCETTI REGRETS MARSAN UNAVAILABLE BECAUSE WORKING WITH GREEK GOVERNMENT FOR NEXT SIX MONTHS STOP [FOR GROENVELD FAO TURKEY REPORT AIRMAILED 23 TO LEJEUNE STOP ~~COPE~~ AIRMAILED WILLIAMS FUND LAST WEEK]

MASON

copy

Sens 2 Groenvelts.

RECEIVED

JUN 26 1959

GENERAL FILES
CORRESPONDENCE

JUN 26 9 07 AM 1959

TO: DIRECTOR, FBI

FROM: SAC, NEW YORK (100-100000)

SUBJECT: [Illegible]

[The following text is extremely faint and largely illegible due to the quality of the scan. It appears to be a memorandum or letter detailing an investigation or report.]

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 26 1959	
FBI - NEW YORK	

ENCLOSURE

Mr. C. Allardice

June 19, 1959.

C. Finne

SENN Project

For the updating of the TOD report could you please get information on the following two points during your visit to Rome:

1. The basis for calculation of payments by the shareholders to cover operational costs of SENN;
2. Balance sheets and overall financial position of SIP and Finelettrica. For Finelettrica the latest report available in the Bank is as of June 30, 1958. For SME we have the details of their position as of December 31, 1958, and it would be useful if we could get the financial position of the two other companies as of the same date.

You should also run through the main items of the balance sheets of SIP and Finelettrica with Bianchi. I am interested in particular in getting realistic figures for total assets and net worth of the companies, and for SIP also the present level of gross annual revenues;

3. Present oil fuel price in Italy and amount of tax;
4. Revise shareholders' participation in SENN, and please let Finelettrica check attached list.

Attachment.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Files

DATE: June 11, 1959.

FROM: Corbin Allardice *CA*

SUBJECT: SENN Nuclear Power Project and ExIm Bank

In the course of my stay in Stresa (May 9-14) as a participant in the OEEC Conference on nuclear matters, I had an opportunity to talk with Professor Matteini, Ing. Forcella of the CNRN, and Fred Consolo of Euratom.

Ing. Forcella informed me that he had learned that a vice president of the ExIm Bank and Mr. Lynch of the ExIm Bank had arranged an interview in Rome a week or two before with Professor Matteini. Ing. Forcella reported that the vice president of ExIm Bank had suggested to Professor Matteini that the SENN plant be financed by the ExIm Bank through Euratom. He added that the conference had been arranged through the president of the Italian organisation IMI with which, interestingly enough, Professor Matteini's son-in-law, Count de Marco, is an official.

I then spoke to Professor Matteini at length. He also reported the visit of the ExIm Bank officials and said that after receiving this visit he made calculations of the desirability of the ExIm Bank route versus the World Bank route and had come to the conclusion that it was ^{of} some attraction. The costs of money in Italy at the present time are rather low, and the 60% of the capital which the Italians would have to provide would be at such a rate as to offset the disadvantage of borrowing only 40% from ExIm. He said that he reported this conversation to Ing. Bianchi who immediately, according to Professor Matteini, told him not to repeat it to the Board.

In discussions with Fred Consolo, I learned that the ExIm vice president who had been present in Europe around the time of the reported discussion by the ExIm and Professor Matteini in Rome, was Mr. Stambaugh, accompanied by Mr. Lynch. He said they had been in Brussels to discuss the Euratom arrangement around that time. He said he did not know they had gone to Rome and was considerably exercised over the matter. He said Euratom would take badly the intervention of the ExIm Bank directly with possible borrowers in the community since it was clearly the policy that ExIm's contact with proposed projects should be only through the Joint Selection Board, which would be set up in Brussels. He reported further that when Professor Matteini had had discussions with the Euratom organisation in late March-early April, President Hirsch and Commissioner de Groote had impressed upon Professor Matteini the view that SENN should continue its relationship with the World Bank and look to that organisation for financing of the capital costs of the plant. Mr. Consolo reported in confidence that the overall Euratom program seemed to be dragging. The joint French-Belgian project on the Meuse River, he had learned that day, would be delayed, as a minimum one year, and that the joint Belgian-Dutch project proposed to be built near Mols, Belgium, was also to be delayed a year or more. Thus, he said other than the possibility (of dubious probability) that a German utility group would request financing under the Euratom ExIm program this year, SENN would be the only nuclear station to

begin construction in Europe which would meet the criteria of Euratom. Thus, in his opinion, (in which I concur) the ExIm Bank would have considerable embarrassment if in this first year of the program the SENN plant were not financed by it. He repeated his personal feeling that the suggested financing, however, by ExIm Bank of the SENN project would receive a chilly treatment at Euratom.

ADDENDUM: On May 28, six utility groups filed letters of intent with Euratom: SENN; the French-Belgian group; a Berlin group; a Hanover group; and EDF which retained the right to file later as did a Dutch group.. Both of the latter two are not to be completed until 1965. Of all these, in my opinion, only SENN is ready to proceed forthwith. The others are still problematical.

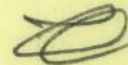
Mr. Eugene R. Black

June 5, 1959

S. R. Cope

Italy - SENN Nuclear Power Project

I attach a brief memorandum on the above subject.



SRCope:mmr

cc: Mr. J. Burke Knapp

Mr. [unclear]

MEMORANDUM

On

SENN Nuclear Power Project

1. The Bank has been actively considering the application of nuclear power on a commercial scale since 1955.
2. As a result of studies made within the Bank, it was decided in 1956 that Italy was a likely country where nuclear power might have early commercial application and the Italian Government was given to understand that, if a study resulted in a project suitable for Bank financing, it would be sympathetically considered. In 1957 it was agreed between the Bank and the Italian Government that a joint study would be undertaken for the examination of a large nuclear power station to be established by SENN in Southern Italy. The cost of this study was shared by the Bank, the Italian Government, and SENN.
3. From November 1957 to August 1958, an International Panel of nuclear scientists worked on the study and reviewed the tenders of nine bidders. The conclusions of the panel together with SENN's own studies formed the basis for the eventual selection of the tender put forward by International General Electric.
4. In September and October 1958, a Bank mission in Rome discussed the financial and technical aspects of the SENN project and an appraisal of this project was submitted to the Management of the Bank in January 1959.
5. Since then negotiations have taken place in Washington and in Rome with a view to making a loan of \$40 million for the project. The total cost of the project is now estimated at about \$66 million and preliminary estimates indicate that about 50 to 60% of the expenditures will be in U.S. dollars. Further negotiations are to take place in Rome in about two weeks' time which should result in the drawing up of the final loan documents.
6. In a letter dated May 18, 1959, SENN informed the Bank that to meet the necessary deadline of May 28 a formal application had been filed with EURATOM for the financing of the SENN project.

June 4, 1959

ROUTING SLIP		Date
NAME		ROOM NO.
Mr. Black		
Mr. Knapp		
Mr. Sommers		
Action		Note and File
Appropriate Disposition		<input checked="" type="checkbox"/> Note and Return
Approval		Prepare Reply
Comment		Per Our Conversation
Full Report		Recommendation
<input checked="" type="checkbox"/> Information		Signature
Initial		To Handle
REMARKS		
From <i>Carbin Allardice</i>		

Revd in files
June 1959

Extract from "The Probable Impact of Atomic Energy on the World Petroleum Industry", a paper presented by Mr. Robert E. Wilson at the 1959 Fifth World Petroleum Congress.

(Mr. Wilson is a member of the General Advisory Committee to the U.S. Atomic Energy Commission; retired Chairman of the Board, Standard Oil Company (Indiana).)

.....

The recent action of the SENN group of power companies in Italy, at the instigation, and with the help of the World Bank, has been particularly gratifying, and might well serve as a model for future projects in European countries. In the first place, they let the contract on the basis of real international competitive bids. These were analyzed very carefully by a study group, which was largely Italian, and an international panel of nuclear experts selected by the Bank. The size of the project -- 150,000 KW -- was large enough so that the project would not be too far from economic, and it was important enough as a precedent that there were many competent bidders. I happen to know that some of them, at least, really got out their sharp pencils and were willing to take chances on actually losing money on account of the prestige involved. Americans were glad to note that the competition was won by an American company (G.E.) and that the reactor type chosen was a boiling-water enriched-uranium developed in this country.

July 28, 1959

MEMORANDUM

On

SENN Nuclear Power Project

November 15, 1956. Mr. Black wrote to the Italian Ambassador suggesting that a cooperative study of the development of nuclear power in Italy should be carried out by the Bank and by the Italian Government. This study was later to become known as Project ENSI.

March, 1957. A Bank mission visited Italy to discuss details of Project ENSI.

April 16, 1957. Mr. Black wrote to the Italian Ambassador proposing definite arrangements with the Italian Government for Project ENSI and outlined a program for the joint study.

June 12, 1957. The Italian Government informed the Bank of its agreement with the above proposal.

July, 1957. As a consequence, a Bank mission went to Rome and there agreed with the Italian Government that Project ENSI would be devoted to studying a large nuclear power station in Southern Italy to be constructed by SENN (Societa Elettronucleare Nazionale).

September, 1957. Bank mission in Rome to help implement Project ENSI.

November, 1957. International Panel to serve on Project ENSI is selected and commences work on the invitations to bid.

July 1, 1958. International Panel reviews tenders of nine bidders.

August, 1958. International Panel issues its provisional report.

September 25, 1958. SENN announces that as a result of the international competition for a nuclear power plant, it had selected the bid of International General Electric.

September - October 1958. Bank mission in Italy discusses financial and technical aspects of SENN project and prepares technical appraisal.

January 20, 1959. SLC considers TOC appraisal of SENN project and agrees Bank should inform Italian Government, SENN and Cassa that it would be prepared to begin negotiations in March.

February 4, 1959. Letter of Intent issued by International General Electric.

March 9, 1959. Letter of Intent becomes effective.

March, 1959. Bank mission in Rome holds conversations with SENN on SENN-Shareholders' Agreement.

April 23, 24, 1959. Conversations in Washington with Professor Pescatore, representing Cassa and Dr. Bianchi, representing SENN at which draft Loan, Guarantee and Project Agreements were discussed and also the SENN-Shareholders' Agreement.

May 7, 1959. Draft Loan Documents sent to Cassa and SENN.

May 12, 1959. Letter from Cassa suggesting suretyship provisions by major shareholders in place of SENN-Shareholders' Agreement. Postscript by Professor Pescatore states "I learn now that the meeting of SENN Shareholders held yesterday has resolved to apply to EURATOM for financing, as the deadline for submitting applications expires on May 28. SENN considers the EURATOM procedure as an alternative to our financing."

May 18, 1959. Letter from SENN (Bianchi) suggesting suretyship by three main shareholders in lieu of SENN-Shareholders' Agreement because of probable \$5 million tax if SENN-Shareholders' Agreement were registered. In this letter Bianchi stated "On this occasion, I deem it my duty to point out that, considering the unextendable deadline for the presentation of a Letter of Intent (which is in no way a commitment with EURATOM) to the end of benefiting by the EURATOM-USAEC agreements, we are going to submit a formal application which involves a possible alternative in the regrettable hypothesis that the Bank could not take into consideration our points."

May 28, 1959

Italy - SENN

No.25.

May 26, 1959.

Dear Sid:

May 18/59

It was good to hear from you and to learn your work progresses well. Not that I need to tell you, but every time I go to Italy all your friends ask for you - from Gino through Pescatore. It must be a great satisfaction to know you have so many friends in Italy.

SENN goes well as far as the nuclear side of things is concerned. The financing has been put off until September (because they don't need the money) and is being recast with a suretyship loan (SME, SIP and Finelettrica) rather than a power contract loan. This is due to a peculiar registration tax (typically Italian!) which would require a fee of about \$5,000,000 to be paid to make the power contract enforceable. It had been thought that Cassa, by being a party to the contract, would remove or diminish to handle-able proportions the registration tax. But the Italian Attorney General says 'No' ! And we are now reshaping the loan documents accordingly. I don't think we will have any trouble and hope to conclude negotiations in June, with signing in mid-September.

I am enclosing a copy of the Panel's Summary Report which has been well received all over. Even DEL Pierson (Secretary of U.K.AEA) said it was an objective and unbiased piece of work. You will remember that he was the one who said no one could be unbiased !

Anyway, we've escaped censure of any kind and the Italians have a good deal, which was what you and I set out to do !

All the best to the family,

As ever - Cordially,

Corbin Allardice

Corbin Allardice

Mr. S. P. Wheelock,
Technical Bureau,
Plan Organization,
Tehran, Iran.

Attachment.

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: May 21, 1959

FROM: G. Stewart Mason *G.S.M.*

SUBJECT: ITALY - SENN Nuclear Power Project

1. After the negotiations in Washington on April 23 and 24 with Professor Pescatore representing the Cassa, and with Dr. Bianchi representing SENN, we sent a letter to SENN and to the Cassa with draft Loan and Project Agreements embodying changes made during these discussions. In answer we received a letter dated May 12 from Professor Pescatore, copy of which has been sent to you, and which is the subject of my memorandum to Files of May 18. An answer, dated May 18, has now been received from Dr. Bianchi, a translation of which has been forwarded to you.

2. This letter was discussed at a Working Party meeting this morning at which we had the benefit of the presence of Mr. Allardice, who was given the letter just before he left Rome. Mr. Allardice was present at two meetings of SENN in Rome where the contents of the letter were discussed. The letter in itself is not very clear but with Mr. Allardice's explanations, SENN's intent may be summed up as follows:

Application to EURATOM

3. We are now under notice from SENN (as well as from the Cassa) that SENN has made an application to EURATOM for a loan for this project. It would seem, however, that this application has only been made by SENN a) because an application had to be made before May 28 if it were to be made at all; b) to fall back on if negotiations with the Bank were to fail for any reason. If in fact this is so, the Bank should not be deterred for this reason from further negotiations, but it might be advisable for the Bank to inform EURATOM and the Ex-Im Bank that we are going forward with negotiations with SENN on an exclusive basis.

Interest Rate

4. Though complaining about the high interest rate now being charged by the Bank, i.e., 6%, against the expected 5-3/4%, we assume that a 6% rate of interest would not be a stumbling block to the completion of the Loan Agreement, but we should make sure on this point before undertaking further negotiations.

Agreement with Shareholders

5. The present form of agreement between SENN and its shareholders was discussed at our meetings in Washington. Under it all the shareholders of SENN were responsible for all of the capital and operating costs of SENN (including a substantial payment to depreciation reserve of an average annual amount equivalent to \$3.9 million) and were obliged to take the power produced by SENN. This agreement is now said to be unacceptable to

SENN because it would, in the opinion of their lawyers, involve SENN in the payment of a registration tax of about \$5 million. As an alternative, SENN now proposes to do away with this agreement and in its place proposes to add provisions to the SENN-Cassa Agreement and to the Bank's Project Agreement whereby the two main shareholders of SENN (SME and SIP) and Finelettrica, which has a substantial interest in most of the other shareholders, would join as sureties granting joint and several suretyship for the due and punctual performance of all the obligations of SENN to the Bank and the Cassa under these agreements. The three shareholders would be prepared to give a positive undertaking to the Bank in the Project Agreement that they would supply all capital necessary for the completion of the project and would operate the project. In this case the registration tax would be avoided. It seems possible that legal phraseology in the Project Agreement and in the SENN-Cassa Agreement could be worked out which would be acceptable to the Bank. It seemed to the Working Party that the guarantee of the two main shareholders and Finelettrica, which has a substantial interest in most of the other shareholders, would be as acceptable as the guarantee of all the shareholders.

Depreciation Fund

6. SENN is apparently willing to set aside a substantial depreciation reserve but objects to being limited to investments in the direct obligations of the Republic of Italy. It wishes to be able to invest in the expansion of its own plant (which we have always foreseen) and in associated power plants economically integrated with the operation of the SENN plant. This objection is quite unclear as we do not know, firstly, whether SENN will accept the veto of the Bank, i.e., that without the consent of the Bank SENN would not undertake any construction in addition to the project. I would think it would be essential for the Bank to retain this right in order to control SENN. Secondly, we do not know whether SENN wishes to invest all its funds in other construction or if it is willing to keep a liquid reserve and if so, how much. Thirdly, we do not know what SENN means by liquid. If, as Allardice advises us, SENN wishes to invest its funds with Finelettrica and if Finelettrica is willing and can effectively take a demand deposit, I would think the Bank should regard this as a liquid investment and not insist on investment in the obligations of the Republic of Italy to the exclusion of any other investment of a demand deposit nature.

7. It is the feeling of the Working Party that the whole question of the amount of depreciation and reserves to be set aside by SENN should be re-examined, as we believe this is the most difficult question to be resolved and it is one on which SENN is now taking a strong stand. If, as we believe, the Bank must retain a right to veto any new construction of SENN, two questions might be considered as follows:

- i) In view of the full guarantee of the three shareholders whose liquid reserves are far in excess of any reserves which SENN can build up, is it indeed necessary for SENN to build up

To: Mr. S. R. Cope

- 3 -

reserves of the amount originally contemplated in the TOD report?

- ii) If we do believe that notwithstanding this guarantee of the three main shareholders a substantial liquid reserve should be built up, what should the Bank be prepared to consider as an adequate level and what should be considered as liquid?

When I hear from you on this subject, I shall draft a letter in reply to Dr. Bianchi's letter of May 18.

GSMason:vmc

cc: Mr. Lejeune Mr. Allardice
 Mr. Cavanaugh Mr. Wenzell
 Mr. Scott Mr. Collier/Mr. Ucerler
 Mr. Finne

OFFICE MEMORANDUM

TO: FILES

DATE: May 18, 1959

FROM: G. Stewart Mason *GSM*

SUBJECT: ITALY - SENN Project - Letter from Professor Pescatore

1. *re Mason*
The Working Party met this morning to consider a letter dated May 12 received from Professor Pescatore with regard to the proposed loan to SENN. They felt that the most important matter was the post-script in which Professor Pescatore stated that at a meeting of SENN Shareholders, a decision had been reached to make an application to EURATOM for a loan for the SENN project.
2. The Working Party felt that since this information had been given by the Cassa the Bank should await direct word from SENN on this point. SENN should make clear its purpose in making the application. For example, would SENN merely wish to have a second string to its bow in case negotiations with the Bank failed or would SENN wish to drop negotiations with the Bank in view of the more favorable interest rates obtainable from EURATOM. In this connection, it should be noted that EURATOM can only supply 40% of the cost of any one project. Since the total cost of SENN is \$66 million, EURATOM would only be able to supply financing for about \$26.5 million. But this amount could be supplied at an interest rate of 4 1/2% with amortization to take place over 15 years beginning one year after the completion of the plant, i.e., in this case a loan of 20 years including a five year grace period. SENN could, of course, seek to obtain further financing from Ex-Im Bank or from the European Investment Bank or from ourselves. No decision can be made by the Bank in this respect until SENN advises the Bank of its purpose in making the application to EURATOM.
3. The second point in Mr. Pescatore's letter is that in the opinion of the Cassa's lawyers, registration of the Cassa-SENN-Shareholders' Agreement in the form now written, would entail a registration tax of an amount equivalent to about \$4.8 million. It is not clear from Mr. Pescatore's letter whether the Cassa and SENN object to the combination of the obligation of the Shareholders to pay all the costs of SENN with an obligation to take the power or whether SENN and the Cassa wish both obligations to be stated in different forms. It seemed to the Working Party that it would be difficult to depart from the Bank's position as now expressed in the above agreement, namely, that the Shareholders must be responsible for all the capital and operating costs of SENN. The obligation to take power and the form in which such obligation might be expressed, could be the subject of further discussion.

*Copy in alphabetical
Euratom.*

4. However, it seems to the Working Party that no further negotiation on this point should be undertaken until the Bank has heard from SENN as to the purpose of its application to EURATOM.

GSMason:vmc

cc: Mr. Cope
Mr. Scott
Mr. Finne
Mr. Cavanaugh
Mr. Collier
Mr. Ucerler

04-10-1959

RECEIVED
BANK MAIL ROOM

1959 MAY 25 PM 12:02

Washington 25, D.C.
Economic Section and Development
International Bank for
Developmental Operations Department
Mr. Colin Clark

S. B. [Signature]

Dear Mr. Clark:

With kind regards,

I am glad to hear from you and hope you are well. I would be most interested not only for the report but for a

one does occasionally feel that he is accomplishing something more than
myself sometimes it is a bit different not to be disappointed at the
my life here is a very active one and always very interesting.

I know you continue to commute to Rome, and that you will be

the operation.
I feel the Bank, a great pleasure in participating and was very

Best regards:

May 18, 1959

John Organization
Developmental Division

[Signature]



2001-2511

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OFFICE MEMORANDUM

TO: FILES

DATE: May 15, 1959

FROM: G. Stewart Mason *G.S.M.*

SUBJECT: ITALY - SENN - Telephone Conversation with Corbin Allardice

1. Mr. Allardice called me from Rome this morning. He said he had had a meeting with Messrs. Zerbi, new President of SENN, Bruno Bianchi, Vice-President and Tracanna, the lawyer of the Cassa. In this meeting the Cassa and SENN gave Allardice their reactions to the negotiations carried on in Washington.

(a) SENN can accept List of Goods approach.

(b) The State Attorney General has given an opinion that/Cassa-SENN-Shareholders' Agreement in its present form would be subject to a registration tax aggregating the equivalent of \$5 million. Therefore, SENN and Cassa were proposing instead of this Agreement, the usual type suretyship to be given by SME, SIP, and Finelettrica and also a mortgage on the plant plus a commitment of these three majority shareholders to operate the plant. Tracanna does not believe commitment letters covering withdrawal of power are wise for legal reasons. SENN also believes these letters are not necessary in view of the proposed commitment of the majority shareholders.

(c) With regard to particular covenants, SENN objects to investments being limited to Treasury obligations. SENN proposes a new text by which investment of reserves would be permitted in expansion of present plant or in associated power plants that are economically integrated with operations of the SENN station, such as a pump storage plant to utilize SENN's off peak load. SENN does not object to a fixed annual amount of \$3.9 million for depreciation. These proposals are to be written down and handed to Allardice on Saturday afternoon.

2. They would like Scott to send, as soon as possible, alterations in Cassa-SENN Agreement necessitated by the List of Goods approach.

3. Italian position is that SENN and Cassa are ready to receive a Bank mission from June 3 to June 6 during which time they will give it undisturbed attention and regard it as a final negotiation.

4. With regard to the application to EURATOM, SENN will make such application before May 28 only as a second string to their bow should negotiations with the Bank fail. According to Allardice, SENN does not wish to receive financial assistance from EURATOM rather than the Bank. He thinks SENN may use the filing of this application to support a tough

position on their above-mentioned counter-proposals.

5. Allardice asked that Burke Knapp be informed that the Vice-President of the Ex-Im Bank, Stambaugh, during a visit to Rome had suggested to SENN that Ex-Im finance the SENN project through EURATOM.

6. I asked Corbin whether he was sure that SENN intended to negotiate a final agreement with the Bank. He said in his opinion SENN desired this, but the only person who could give a final answer would be the Minister of Participations, Ferrari-Aggradi. For his part, Allardice felt that if we could decide the points raised by them in their favor, negotiations could be completed very quickly. Allardice suggested that Mr. Black might ask Professor Pescatore to meet him at the Rome airport on his return from India to straighten out the question as to whether the Italian Government really intends to complete negotiations with the Bank.

7. Allardice will return to Washington on Monday or Tuesday, depending on when he can get space out of Rome. I have informed his wife.

GSMason:vmc

cc: Mr. Cope
Mr. Collier
Mr. Scott
Mr. Finne
Mr. Cavanaugh

M R. HAMILTON

For Release upon Delivery
(Scheduled for approximately
10.00 AM GMT Tuesday, May 12,
1959.)

Remarks of Mr. Corbin Allardice, Adviser on Atomic
Energy to the World Bank, before the European
Conference for Industrial Management held under
the auspices of the Organization for European
Economic Cooperation and the European Nuclear
Energy Agency at Stresa, Italy, May 11-14, 1959.

I have been asked to speak to you today about the International
Bank for Reconstruction and Development -- known somewhat immodestly, but
perhaps not undeservedly as the World Bank -- to speak of what it is, how it
works and what it does. I am also asked to present some considerations of
financing nuclear power plants as we of the Bank view it, with particular
reference to the proposed Bank lending to finance the SEMN nuclear power
station to be built on the Garigliano River north of Naples.

The International Bank for Reconstruction and Development is an
international cooperative organization and is associated with the United
Nations, having the status of a Specialized Agency. Its aim is to assist
the economic development of its member countries and so raise the standards
of living of the peoples of the world. The Bank may lend to member
governments, governmental agencies or private enterprises; if the borrower is
not a government, the guarantee of the member government concerned is required
for the loan.

The Bank's membership consists of the governments of 68 countries,
which are the Bank's stockholders. Each member country nominates a Governor
to the Bank's Board of Governors, which has delegated most of its powers to the
18 Executive Directors. These meet at least once each month and consist of

five nominated Directors who represent the five largest stockholders in the Bank, and 13 elected Directors chosen by the other member countries.

The voting powers of the Executive Directors are proportionate to the capital subscriptions of the country or countries which they represent. The Executive Directors are responsible for matters of policy and must approve all the loans made by the Bank. The day-to-day conduct of the Bank's operations, including the making of recommendations to the Executive Directors on loans and questions of policy, is the responsibility of its President, who is also Chairman of the Board of Executive Directors.

The total subscribed capital of the Bank is \$9.5 billion.^{1/} Of this amount, however, only 20% is paid in, partly in gold or dollars and partly in local currencies. The remaining 80% is subject to call if required to meet the Bank's obligations.

This year the member governments of the Bank are taking steps to increase the Bank's capital subscriptions to meet the increasing rate of development lending. If the proposed increase materializes, the total authorized capital of the Bank will be more than doubled to \$21 billion.

The Bank is not only a lender but also a borrower, since the capital subscribed by its member governments was never intended to finance all its operations. Whereas the Bank has already paid out over three and a quarter billions of dollars on its loans, less than half has come from the capital subscriptions of its members. The remainder has been drawn mainly from the sale of its bonds in the capital markets of the world. By March 1959 the

^{1/} As used in this paper, \$1 billion = \$1 thousand million, i.e., $\$1 \times 10^9$.

Bank had outstanding borrowings of \$1,840 million, mostly in the form of issues of U. S. dollar bonds, but also including bond issues denominated in Canadian dollars and European currencies. About half of the Bank's borrowed moneys is owed to investors in the United States, the other half being owed to investors in many other countries.

The Bank also enlists the support of private investors by selling parts of its loans, and has in this way added over \$492 million to the funds used for development financing. The Bank also uses for lending the amounts arising from earnings and from the repayment of earlier loans.

The Bank makes loans only where private capital is not available on reasonable terms. The Bank's first loans, made in 1947, were for European postwar reconstruction; a total of \$500 million was lent by the Bank for this purpose. In 1948 the Bank turned to lending for development, an increasing proportion of its funds being directed to the less developed areas of the world. By March 1959 the Bank had made 226 loans totaling over \$4.3 billion to finance more than 600 projects in 49 countries or territories.

The Bank's loans are mainly directed to helping its member countries to build the foundations of economic growth. Approximately one-third of the Bank's development lending has been for electric power and has helped to finance the addition of over nine million kilowatts to the world's generating capacity. Another third has been for transport improvement -- railways, highways, air and waterways. The remaining third of the Bank's loans has been for agriculture, especially irrigation; for industry, especially steel production; and for general development purposes.

The rate of interest charged by the Bank is based on the rate which it would itself have to pay to borrow money at the time the loan is

made, plus a 1% annual commission charge which is allocated to a Special Reserve. In practice, because of changes in money rates in the main capital markets in which the Bank sells its bonds, the long-term lending rate of the Bank has varied between $4\frac{1}{4}\%$ and 6%. At any one time, however, the Bank does not distinguish between borrowers in regard to the rate of interest charged.

In addition to making loans, the Bank also renders to its member governments a wide variety of technical assistance, ranging from full-scale economic surveys of the development potential of member countries -- there have so far been 17 such surveys -- to regional investigations or advice on particular projects.

The joint Government of Italy-World Bank study known as "Project ENST", which will be described later, is a further example of Bank assistance to member governments.

The lending operations of the World Bank are conducted on the basis of three main principles: first, that the borrowing country will be in a position to repay the loan; second, that the project or program to be financed will be of such benefit to the economy as to justify the borrowing of foreign exchange; and third, that the project is itself well designed and feasible of execution.

Before making a loan, the Bank satisfies itself that the borrower, whether it be a government, an autonomous agency or a private corporation, will be able to service the debt. In making this judgment the Bank must investigate not only the borrower's position in terms of its own local currency, but also the country's foreign exchange situation, because Bank loans are made and must be repaid in currencies other than that of the borrowing country.

The next step is for the Bank to make an appraisal of the merits and priority of the proposed project or program. If satisfied on these counts the Bank then investigates the project in detail, the plans made for its design and construction, the economic and financial returns expected, and the provision for management when it comes into operation.

When this process of appraisal is successfully completed, the Bank negotiates the loan. The Bank never lends the total cost of a project or program, normally financing only the foreign exchange costs involved in the purchase of imported goods and services. Local costs, usually more than half the total, are met by the borrower out of other resources. The Bank loan is disbursed over the construction period when evidence is produced of payments having been made on the agreed purposes of the loan. Although all orders for goods and services are placed by the borrowers, the Bank requires the use of efficient methods of procurement of supplies. The Bank usually requires international competition in placing orders financed out of the loan. The average term of Bank loans is 15 years.

In addition to having contributed to basic economic development all over the world, the operations of the Bank have also been financially successful. By March 1959 the Bank had accumulated reserves totaling \$401 million. The net earnings of the Bank now amount to over \$40 million a year.

Let me now turn to the Bank's activities in nuclear energy and in financing nuclear power stations. These activities have their genesis in general Bank policy on lending as extrapolated to the nuclear field, for, as Eugene R. Black, President of the Bank, stated: "... The Bank is not interested in atomic power as an academic exercise. We are not an academic

or research institution; we are an international development bank whose activities are directed towards aiding our member countries to develop their economic strength through the establishment of well-based policies and practices so that they may make the best use of their investment and other resources."

In line with this attitude the Bank developed in 1956 certain views on where and under what circumstances nuclear power might be economically practicable. These views were stated to our Board of Governors at our Eleventh Annual Meeting in Washington in September 1956 following an informal panel discussion on the subject in the following words:

" On the basis of the statements made here today and studies we have conducted in the Bank, we believe it is possible to describe in general terms the circumstances under which a large nuclear reactor of essentially present design might have good prospects for producing electricity at costs competitive with that of electricity produced from fossil fuels:

1. The generation and distribution system into which the nuclear plant is to be integrated must be large, capable of permitting a 100,000 kilowatt or larger plant to operate as a base load unit.
2. The nuclear plant would have to be located in a country with relatively high fossil fuel costs, with poor hydroelectric potential, and with sufficient availability of capital so that relatively low-cost money could be obtained.
3. The country would have to execute such intergovernmental agreements as are necessary to assure a continuing supply of fuel, reprocessing and, if necessary, the import of components, unless, of course, it has these materials and technical abilities at its own command.
4. Power rates in the system into which the plant would be connected should be flexible enough so that if the nuclear plant should cost more than expected or should not perform as anticipated, the excess cost could be absorbed without a significant adverse effect.
5. Until further operational experience has been obtained, it would not be prudent, we think, to establish the nuclear plant in a system where it would represent a considerable proportion of the total system generating capacity. "

Consideration of these circumstances -- one might almost say "these criteria" -- led to the now well-known Project ENSI, a joint Government of Italy-World Bank study of a large nuclear power station to be constructed in Southern Italy. This study will be described in some detail by my colleague Professor Felice Ippolito. Suffice it here to say, Project ENSI began in July 1957 and consisted of the preparation of an invitation to bid on a 150,000 kilowatt nuclear power plant to be built in Southern Italy, and an examination of the nine tenders which were later submitted by suppliers from the United States, the United Kingdom and France. In this respect, certain principles basic to Project ENSI should be noted:

1. The type of nuclear reactor to be built by SENN would be determined as a result of the investigations of Project ENSI. Therefore, it was necessary so to prepare the Invitation to Bid as to make it possible for manufacturers and bidders to propose whatever type of nuclear power plant the particular manufacturer or bidder believed best and was willing to tender at a firm price or similar basis with warranties on output and performance.
2. A further objective of Project ENSI was to introduce, to the extent feasible, the concept of competitive international bidding since it was believed that such competition would result in closer estimating of costs by the bidders and thus lead to lower power and equipment costs. It was recognized that if one type of reactor were chosen in advance and the Invitation to Bid built around the technical specifications of that particular reactor, the feature of international competition would be missing since it appeared that most firms in the United States, for example, would tender only enriched reactors, whereas firms in the United Kingdom and France would most probably tender natural uranium gas-cooled systems.

The study was completed in October 1958, at which point an International Panel consisting of seven internationally known experts on nuclear power, appointed by the Bank to take part in the study, had analysed and reported on the nine tenders. Subsequently, the Italian utility which will be responsible for the new power plant, Societa Elettromucleare Nazionale,

selected the tender submitted by the International General Electric Company of New York.

Only last week the Bank released the Summary Report of the International Panel and, in publishing it, the President of the Bank noted:

" The choice by SENN and the Italian authorities of the successful tender was, of course, neither within the scope of the Panel's responsibility nor within that of the Bank, and, as I understand the Report of the Panel, the final choice could as well have gone another way. What particularly impresses me is that in the highly competitive field of nuclear power development, the study (Project ENSI) has been accepted by the commercial firms and the governmental authorities as a balanced and impartial work and as a valuable contribution to nuclear power development. "

The Italian Government, through the Cassa per il Mezzogiorno, has formally requested the Bank to consider a loan for the SENN project. Originally, it was thought that the loan would be required by SENN in the Spring. However, closer examination of the cash requirements of SENN to meet expenditures under the proposed contract made it apparent that large scale expenditures would not begin until the Fall of this year. Thus, the Italian authorities have notified the Bank that they have decided to postpone action on this application until the Fall of this year. The project, meanwhile, is going forward as originally planned and should be completed in 1963.

The main terms of the Loan have been worked out with our Italian partners but in view of the foregoing circumstances, the Loan Agreement has not yet been presented for the approval of the Bank's Board of Executive Directors. Subject to this reservation I should be glad to outline briefly the main features of the proposed financing.

The proposed loan would be to the Cassa per il Mezzogiorno for re-lending to SENN, and would carry the guarantee of the Italian Government. It is the Bank's custom to lend only part of the cost of any project, leaving

it to the borrower to provide the remaining finance required. In the case of the SENN project, our thinking has been that the Bank loan ought to meet about 60% of the capital costs, including those for the nuclear facilities, the civil works, the sub-station, about 100 kilometers of transmission lines, fabrication of the first core and spare fuel elements, necessary engineering expenses, prudent contingencies and capitalization of interest during construction. This would mean a Bank loan in various currencies equivalent to about \$40 million. We normally finance power projects on a long term basis and in this case the term would probably be 20 years. During the years of construction, interest would be paid on amounts actually disbursed^{2/}; thereafter, both interest and amortization would be met through a series of equal sums in annual instalments designed to retire the entire loan by the date of the final maturity.

The owners of SENN would assume the responsibility first of providing all funds in excess of the Bank loan needed to complete the plant and to bring it into full operation, and, thereafter, to provide any additional funds that may be necessary, beyond reserves, if any, to keep the plant in operation; second, to accept on a proportionate basis all the output of the SENN station; and third, after the plant comes into operation, and regardless of the amount of power produced, to make monthly payments sufficient in the aggregate to cover not only all operating costs (including recurring fuel costs) but also full service on the loan as well as allocations to reserves. Thus, the owners of SENN would undertake the basic risks of the project.

Underlying the loan would be, of course, the guarantee of the Italian Government to repay the principal of the loan and interest on it. However, it

^{2/} There is, however, a small commitment fee of 3/4 of 1% on amounts not disbursed.

is Bank policy to lend on power projects only if they are set up on a self-liquidating basis; thus, we would not expect to have to call upon the underlying Government guarantee.

There are other interesting examples of problems that nuclear lending brings; because of limitations of time I shall only briefly note them topically:

Insurance, both property and third party liability;

Construction contracts for design and supply of the nuclear and related equipment;

Assurance of a supply of fuel;

Training of operators;

Future Government policies on nuclear power.

All of these have required special consideration.

In closing, I should like to say that financing of nuclear power plants offers a challenge to the financial community. What is needed is the kind of creative banking thinking that had its roots here in Italy in the 13th and 14th centuries when the bankers and merchants of Genoa, Florence and Prato developed the basic banking techniques that so successfully underwrote the mercantile and trade rebirth following the Dark Ages.

MEMORANDUM

On

SENN Nuclear Power Project

1. The Bank has been actively considering the application of nuclear power on a commercial scale since 1955.
2. As a result of studies made within the Bank, it was decided in 1956 that Italy was a likely country where nuclear power might have early commercial application and the Italian Government was given to understand that, if a study resulted in a project suitable for Bank financing, it would be sympathetically considered. In 1957 it was agreed between the Bank and the Italian Government that a joint study would be undertaken for the examination of a large nuclear power station to be established by SENN in Southern Italy. The cost of this study was shared by the Bank, the Italian Government, and SENN.
3. From November 1957 to August 1958, an International Panel of nuclear scientists worked on the study and reviewed the tenders of nine bidders. The conclusions of the panel together with SENN's own studies formed the basis for the eventual selection of the tender put forward by International General Electric.
4. In September and October 1958, a Bank mission in Rome discussed the financial and technical aspects of the SENN project and an appraisal of this project was submitted to the Management of the Bank in January 1959.
5. Since then negotiations have taken place in Washington and in Rome with a view to making a loan of \$40 million for the project. The total cost of the project is now estimated at about \$66 million and preliminary estimates indicate that about 50 to 60% of the expenditures will be in U. S. dollars. Further negotiations are to take place in Rome in about two weeks' time which should result in the drawing up of the final loan documents.
6. In a letter dated May 18, 1959 SENN informed the Bank that to meet the necessary deadline of May 28 a formal application had been filed with EURATOM for the financing of the SENN project.

June 4, 1959

GSMason:vmc

Vitro ENGINEERING COMPANY

A DIVISION OF VITRO CORPORATION OF AMERICA

225 FOURTH AVENUE · NEW YORK 3, N. Y.

June 19, 1959

Mr. Corbin Allardice
Advisor on Atomic Energy
International Bank for Reconstruction and Devel.
Washington 25, D.C.

Dear Mr. Allardice:

Please send me a copy of the Summary Report of the
International Panel - Project ENSI - March, 1959.

Thank you.

Very truly yours,
Robert G. Baumgartel
Robert G. Baumgartel

June 25/6/59.

TO: IPPOLITO
NUCLEARE
ROME

DATE: June 19, 1959

CLASS OF SERVICE: NLT

COUNTRY: ITALY

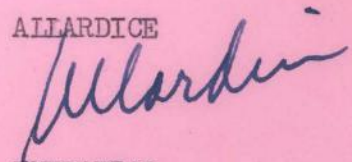
now

TEXT:
Cable No.:

ARRIVING ALITALIA 603 SUNDAY 1150 HOURS STOP

WOULD APPRECIATE CAR REGARDS

ALLARDICE



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DEPT. Technical Operations

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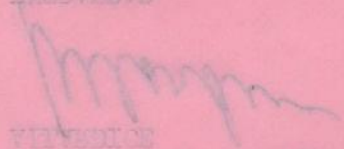
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DATE: JUNE 19 1959

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ORIGINATION

REPRODUCTION
INTERNATIONAL FINANCE

TO: PESCATORE
CASMEZ
ROME

DATE: JUNE 18, 1959

CLASS OF
SERVICE: LT

COUNTRY: ITALY

TEXT:
Cable No.:

MAR

✓
REUR CABLE JUNE TWELVE SCOTT AND I ARRIVING ROME THREE PM SATURDAY
ALITALIA FLIGHT 617 STOP WILL BE AT SENN OFFICE TEN MONDAY REGARDS

MASON

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MESSAGE AUTHORIZED BY:

NAME GSMason *gsm*
DEPT. Operations - EAA

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CORRESPONDENCE

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FROM: [unclear]
TO: [unclear]

CLASSIFICATION: UNCLASSIFIED

DATE: 18 JUN 1959

TO: BIANCHI
FINELETTRICA
VIA ANIENE 14
ROME

DATE: JUNE 18, 1959

CLASS OF
SERVICE: LT

COUNTRY: ITALY

How

TEXT:
Cable No.:

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REUR CABLE JUNE TWELVE SCOTT AND I ARRIVING ROME THREE PM SATURDAY
ALITALIA FLIGHT 617 STOP WILL BE AT SENN OFFICE TEN MONDAY REGARDS

MASON

NOT TO BE TRANSMITTED

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NAME GSMASON *ppm*
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CORRESPONDENCE

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JUN 18 5 55 PM 1959

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DATE: JUN 18 1959

Mission to Italy

Terms of Reference

1. The purpose of the mission is to discuss the proposed loan for the SENN nuclear power plant.
2. The discussions should be on the basis set out in paragraphs 5 and 6 of my memorandum to the Staff Loan Committee of June 8 (SLC/O/1004) and should cover the various agreements involved, i.e., the Guarantee Agreement, the Loan Agreement, the Project Agreement and the Cassa-SENN Agreement. If possible, you should return with agreed-upon drafts of these documents.
3. The mission will consist of Messrs. G. Stewart Mason (Chief), Department of Operations, Europe, Africa and Australasia; Mr. Corbin Allardice, Adviser on Atomic Energy, Department of Technical Operations; and Mr. Hugh Scott of the Legal Department.
4. With the help of Mr. Scott, you will also discuss with the Cassa withdrawal procedures for Loan 224-IT and see that these procedures are coordinated with proposed European Investment Bank procedures. You will also work out with the Cassa the subsidiary Loan Agreements involved in Loan 224-IT and coordinate these with the agreements between the Cassa and the European Investment Bank. If you deem it necessary, you should spend a day or two in Brussels to work out final arrangements.

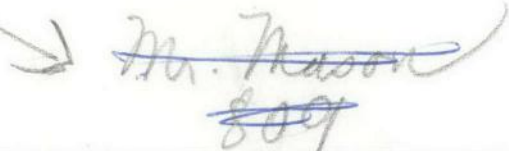


S. R. Cope
Director of Operations
Europe, Africa and Australasia

June 16, 1959

GSMason:vmc

cc: Mr. Allardice
Mr. Scott

INCOMING MAIL ROUTING SLIP			Date JUN 16 1959	
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Mr. Broches	1113		Mr. Poore	801
Mr. Cargill	614		Mr. Reamy	A318
Mr. Clark	1113		Research Files	822
Mr. Cope	813		Mr. Riley	700C
Mr. Demuth	506		Mr. Rist	716
Mr. Doucet	1017		Mr. Rosen	614
E.D.I.			Mr. Rucinski	600
Mr. Goor	705		Mr. Schmidt	513
Mr. Howell	801		Mr. Sommers	1003
Mr. Iliff	1003		Technical Op.	309
Mr. Knapp	1024		Translation	804
Mr. Lejeune	813		Mr. Hauenstein	101
Mr. Mendels	1017		Mr. Worthington	A316
Mr. Nurick	1121			
Office of Info.	228			
Office Services	111			
Mr. Perry	513			
Remarks: 				
From: Communications Unit - Room P-106 (Ext. 3630)				

Italy - SENN

SOCIETÀ FINANZIARIA ELETTRICA NAZIONALE
FINELETTRICA
IL CONSIGLIERE DIRETTORE GENERALE

ROMA June 12, 1959
VIA ANIENE, 14
841.341

AIR MAIL

To:
Mr. S.R. COPE
International Bank for
Reconstruction and Development
1818 H Street N.W.
WASHINGTON, 25 D.C.
(U.S.A.)

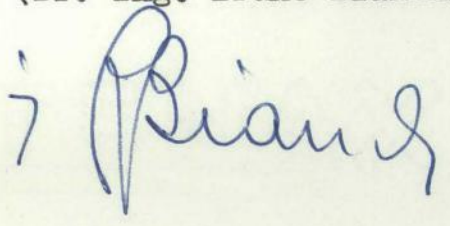
Dear Sir,

with the present letter we confirm that today,
June 12th we sent the following telegram:

" REFERRING YOUR TELEGRAM JUNE 11 WE THANK YOU FOR INFORMATION
" GIVEN US STOP WE AGREE RESUMPTION NEGOTIATIONS STOP MASON
" COMMA ALLARDICE COMMA SCOTT ARE KINDLY REQUESTED TO COME TO
"SENN MONDAY TWENTYTWO TEN A.M."

Yours faithfully,

(Dr. Ing. Bruno Bianchi)



RECEIVED
1959 JUN 12 AM 3:18

1. Mr. Kejiune
2. Mr. Mason

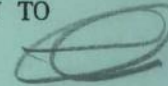
INCOMING WIRE

Italy - SENN

DATE OF WIRE: JUNE 12, 1959 RCR 6.

TO: S R COPE IBRD

FROM: ROMA

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

TEXT:

^{11³⁰} ↓
 YOUR TELEGRAM JUNE 18 WE THANK YOU FOR INFORMATION GIVEN US STOP WE
 AGREE RESUMPTION NEGOTIATIONS STOP MASON COMMA ALLARDICE COMMA SCOTT
 ARE KINDLY REQUESTED TO COME TO SENN MONDAY TWENTYTWO TEN A M

BIANCHI

Mason.

ORIGINAL

ORIGINAL

GENERAL FILES
CORRESPONDENCE

TYPED

JUN 12 12 20 PM 1959

TO: DIRECTOR, FBI
FROM: SAC, NEW YORK
SUBJECT: [Illegible]

RE: [Illegible]

DATE: [Illegible]

BY: [Illegible]

CLASSIFICATION: [Illegible]

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 12 1959	
FBI - NEW YORK	

INCOMING MAIL

INCOMING WIRE

WU 10

DATE OF WIRE: JUNE 12, 1959

TO: MR MASON IBRD

FROM:
ROMA

TEXT:

✓
3883 REUR CABLE JUNE ELEVEN WILL BE PLEASED RESUME SEEN
NEGOTIATION STARTING JUNE TWENTYSECOND STOP REGARDS
GABRIELLE PESCATORE PRESIDENTE CASSA MEZZOGIORNO

ROUTING	
ACTION COPY TO	<u>MR. MASON</u>
INFORMATION COPY TO	<u>MR. COPE</u>
Decoded By	

ORIGINAL

GENERAL FILES
CORRESPONDENCE

TYPED

JUN 12 4 35 PM 1959

CHIEF OF BUREAU OF INVESTIGATION
FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE

RE:

RE:

RE:

RE: [Illegible]

DATE OF [Illegible]

[Illegible]

TO:

RECEIVED

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 12 1959	
FBI - [Illegible]	

1. Mr. Cope
2. Mr. Lijuan
3. Files P-106
Italy-SENN

INCOMING WIRE

WU 10

DATE OF WIRE: **JUNE 12, 1959**

TO: **MR MASON IBRD**

FROM:

ROMA

ROUTING	
ACTION COPY TO	MR.MASON
INFORMATION COPY TO	MR.COPE
Decoded By	

TEXT:

✓
 3883 REUR CABLE JUNE ELEVEN WILL BE PLEASED RESUME SEEN
 NEGOTIATION STARTING JUNE TWENTYSECOND STOP REGARDS
 GABRIELE PESCATORE PRESIDENTE CASSA MEZZOGIORNO

GENERAL FILES
CORRESPONDENCE

TYPED

JUN 12 4 35 PM 1959

U O O O

RECEIVED...
...
...

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 12 1959	
FBI - [LOCATION]	

INCOMING MAIL

U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Italy - SENN

INCOMING WIRE

DATE OF WIRE: JUNE 12, 1959 WU 4

TO: MASON IFRD

FROM: ROMA

ROUTING
ACTION COPY TO MR. MASON <i>jm</i>
INFORMATION COPY TO
Decoded By

TEXT:

3882 REUR CABLE JUNE ELEVEN WILL BE PLEASED RESUME SEND NEGOTIATIONS
STATING JUNE STARTING JUNE 22ND STOP REGARDS

GABRIELE PESCATORE PRESIDENT CASSA MEZZOGIORNO

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CORRESPONDENCE

JUN 15 11 18 AM 1959



COMMUNICATIONS SECTION

RECEIVED

COMMUNICATIONS SECTION

TEXT

FROM: [illegible]

TO: [illegible]

DATE OF TIME: [illegible]

RECORDED BY
INDEXED BY
FILED BY
DATE

INCOMING MAIL

COMMUNICATIONS SECTION

COMMUNICATIONS SECTION

Italy - SENM

TO: BIANCHI
FINELETTRICA
VIA ANIENE 14
ROME

DATE: JUNE 11, 1959

CLASS OF
SERVICE: IT

COUNTRY: ITALY

TEXT:
Cable No.:

nm

REFERRING YOUR LETTER MAY 18 BANK PREPARED NEGOTIATE ON BASIS PROPOSED
YOUR LETTER STOP HOWEVER INTEREST RATE NOT REPEAT NOT NEGOTIABLE AS
DEPENDENT ON RATE BANK CAN BORROW IN MARKET AT TIME SIGNATURE LOAN
DOCUMENTS STOP PRESENT RATE SIX PERCENT BUT BANK CANNOT COMMIT ITSELF
TO THIS ^{OR ANY OTHER} RATE FOR LOAN TO BE SIGNED SEPTEMBER STOP MASON COMMA ALLARDICE
COMMA SCOTT CAN ARRIVE ROME TWENTYFIRST FOR NEGOTIATIONS ENSUING WEEK
STOP PLEASE CABLE IF CONVENIENT

COPE

NOT TO BE TRANSMITTED

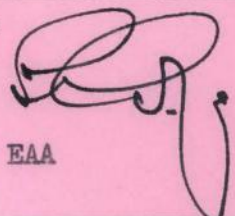
MESSAGE AUTHORIZED BY:

NAME SRCOPE

DEPT. OPERATIONS - EAA

SIGNATURE _____

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)



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cleared with & cc: Mr. Scott
Mr. Allardice
Mr. Cavanaugh

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Checked for Dispatch: _____

GSMason:vmc

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CORRESPONDENCE

SIGNALS

OPERATIONALS - EVV

JUN 11 5 50 PM 1959

MR. GARDNER

NAME SOURCE

MR. WILSON

MESSAGE AUTHORIZED BY:

STANDARD FORM 64

MR. SCOTT

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CODE

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TO THE FILE FOR DOWN TO BE SIGNED BY THE REPRODUCER CLASSIFICATION OFFICE

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BY: [Signature]

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CLASS OF

DATE: JUN 11, 1959

10:

CLASSIFICATION AND DECLASSIFICATION INFORMATION

CLASSIFICATION

CLASSIFICATION AND DECLASSIFICATION INFORMATION

10:

TO: PESCATORE
CASMEZ
ROME

DATE: JUNE 11, 1959

CLASS OF
SERVICE: LT

COUNTRY: ITALY

mm

TEXT:
Cable No.:

FOLLOWING CABLE SENT BIANCHI TODAY QUOTE REFERRING YOUR LETTER MAY 18 ✓
BANK PREPARED NEGOTIATE ON BASIS PROPOSED YOUR LETTER STOP HOWEVER
INTEREST RATE NOT REPEAT NOT NEGOTIABLE AS DEPENDENT ON RATE BANK CAN
BORROW IN MARKET AT TIME SIGNATURE LOAN DOCUMENTS STOP PRESENT RATE
SIX PERCENT BUT BANK CANNOT COMMIT ITSELF TO THIS OR ANY OTHER RATE
FOR LOAN TO BE SIGNED SEPTEMBER STOP MASON COMMA ALLARDIGE COMMA
SCOTT CAN ARRIVE ROME TWENTYFIRST FOR NEGOTIATIONS ENSUING WEEK STOP
PLEASE CABLE IF CONVENIENT UNQUOTE

REGARDS

MASON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME GSMASON *esm*
DEPT. OPERATIONS - EAA

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

GSMason:vmc

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SIGNATURE

JUN 11 5 50 PM 1959

DEPT OPERATIONS - EVA

NAME GIBSON

MESSAGE AUTHORIZED BY:

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INFO

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SOON VIA AIRMAIL SOME JURISDICTIONS FOR RECOGNITION BEARING MARKS
FOR YOU TO BE SIGNED BELIEVING SUCH MESSAGES COME WITHIN COMB
SIX MONTHS BUT BANK CANNOT COME LIGHT TO THIS OR FOR OTHER RULES
BOTH IN MARKET AT TIME SIGNATURE FROM DOCUMENTS SUCH MESSAGES HAVE
INTEREST HAVE NOT BEEN FOR RECOGNITION OF DEPENDENT OR HAVE BANK OWN
BANK MESSAGES RECOGNITION OF PARTS RECORDED LONG PAGES SUCH HOWEVER
ELECTRONIC COPY SENT DIVISION LONGER SHOULD RECOGNITION LONG PAGES NOT IS

Copy No.:

TEXT:

ORIGINATOR: KLIX

Handwritten signature

NAME
GIBSON
OPERATIONS

REMARKS: IN
CLASS OF

DATE: JUN 11 1959

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INSTRUCTIONS: See back of form

ORIGINAL FILE

REPRODUCTION
INSTRUCTIONS: See back of form

FORM NO. 81

Handwritten number

archives *P-100*
Italy-SENN

STAFF LOAN COMMITTEE

CONFIDENTIAL

DECLASSIFIED

JUL 29 2013

WBG ARCHIVES

MEMORANDUM TO THE STAFF LOAN COMMITTEE

Italy

1. The attached Memorandum SLC/O/1004, "ITALY - Proposed Loan of \$40 Million for Nuclear Power Project," is distributed for consideration without meeting.
2. Comments, if any, should be given to Mr. Mason (ext. 3353) by the close of business on Thursday, June 11.

Feliks G. Bochenski
Acting Secretary
Staff Loan Committee

June 8, 1959

~~CONFIDENTIAL~~

SLC/O/100
JUL 29 2013

June 8, 1959
WBG ARCHIVES

STAFF LOAN COMMITTEE

Memorandum from Department of Operations
Europe, Africa and Australasia

ITALY - Proposed Loan of \$40 Million for Nuclear Power Project

Original Proposals for Bank Loan

1. Staff Loan Committee meetings were held on January 23 and 28 to consider the proposed loan for the nuclear power plant. The borrower was to be the Cassa, which would lend the proceeds of the loan to Societa Elettronucleare Nazionale (SENN), the company which would own and operate the plant. At that time the Bank considered that SENN should be established as a strong and separate nuclear power entity within the Italian power system. To accomplish this SENN's 14 shareholders would have undertaken in an agreement with SENN to which the Cassa would have been a party:

- i) to provide, as capital or as shareholders' advances, all the funds in addition to the Bank's loan necessary for the construction and maintenance of the project;
- ii) to pay SENN's operating and capital costs, including in these costs an amount for depreciation which would average at least the equivalent of \$3.9 million per annum; and
- iii) to take all the power which SENN produced.

2. In the Project Agreement with the Bank, SENN would have undertaken not to repay shareholders' advances, not to retire its capital shares and to add at least the equivalent of \$3.9 million on the average each year to depreciation reserve, i.e., about 6% of the cost of the plant. The liquidity of this reserve would have been maintained by prohibiting SENN from undertaking any construction in addition to the project and by limiting investments to Italian Government obligations of two years or less. However, when the project had been in operation for sufficient time to enable the adequacy of the depreciation reserve to be judged, the Bank and the Cassa would have consulted with SENN in regard to the appropriate size and use of such reserve.

3. This was the basis on which conversations were held in Rome in March and in Washington in April. We have now been advised by SENN and by the Cassa that the form of shareholders' agreement as originally conceived would, in the opinion of their lawyers, involve SENN in the payment of a registration tax of approximately \$5 million equivalent. Furthermore, though SENN indicated it was willing to set aside substantial depreciation reserves, it objected to being limited to investment in Italian Government obligations and desired to invest in the expansion of its own plant and in power facilities economically integrated with its operations. SENN, therefore, proposed

an alternative, which in effect meant a reversion to the form of the Bank's previous loans to the Cassa for power development in Southern Italy. This alternative is discussed below.

Alternative Proposals for Bank Loan

4. The Bank's previous practice has been to lend to the Cassa, which in turn has relented the proceeds to the power companies carrying out the projects. These companies have formed part of the Italian power system and the Bank has relied on the earnings and resources of the power system as a whole, reinforced by specific guarantees under project agreements with the leading companies in the system.

5. The Working Party proposes that the loan for SENN should be set up in a similar way. Two of the largest power utility companies (which own 45% of SENN's shares) SME and SIP, together with Finelettrica (which with its parent, IRI, effectively controls 90% of the shares of SENN) would give a complete guarantee covering SENN's construction and operation.

6. These three companies would

- a) unconditionally guarantee the due and punctual performance by SENN of all the agreements on the part of SENN to be performed under the Project Agreement and under the agreement by which the Cassa would relend the proceeds of the Bank's loan to SENN;
- b) join in the agreement between the Cassa and SENN as sureties granting joint and several suretyship for the performance of all the obligations of SENN;
- c) provide as capital or as shareholders' advances any funds necessary 1) to complete the project and 2) to maintain its efficient operation;
- d) cause the project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards.

Furthermore, SENN, in the Project Agreement, would agree not to retire any of its capital stock or repay shareholders' advances, or amend its charter. We would not impose any further limitations on SENN.

7. I believe that the alternative proposals conform better than did the original ones to the actual structure of the electric power industry in Italy, that they give SENN and its sponsors greater flexibility and that with appropriate undertakings in the form of a project agreement with the sponsors the Bank is at least as well protected under the alternative plan as under the original plan. I therefore agree with the proposals of the Working Party and recommend that the Bank negotiate the proposed loan on the bases outlined in the preceding paragraph.

Proposed Financing Through EURATOM

8. In a letter dated May 18, SENN advised the Bank that a Letter of Intent had been filed with EURATOM since the deadline for making an application was the 28th of May. This, SENN stated, was not a commitment with EURATOM. It is not clear whether SENN is merely taking an elementary precaution against the breakdown of negotiations with the Bank; whether they wish to put pressure on the Bank, or whether they would really prefer to finance SENN through EURATOM.

9. It appears that resort to EURATOM would take the form of drawing on the Export-Import Bank line of credit. This, we believe, would be limited to 40% of the cost of the project, which would mean in the case of SENN about \$26 million, leaving \$14 million to be found elsewhere.

10. At this stage, I see no justification for allowing these developments, which may prove to be merely precautionary steps on the part of SENN, to deflect the Bank from its previous attitude of being ready to finance the project if proper conditions can be agreed.

S. R. Cope
Director

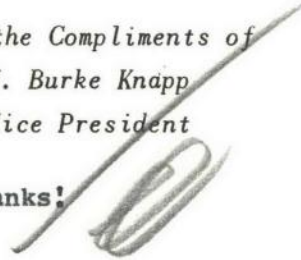
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

EXECUTIVE 3-6360

EXTENSION 3384

With the Compliments of
J. Burke Knapp
Vice President

Returned with thanks!



✓ OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: May 29, 1959

FROM: G. Stewart Mason *GSM.*

SUBJECT: ITALY - SENN Expenditures

We do not know at present where IGE will purchase some of the equipment to be bought under its contract. The following represents TOD's best guess as to the currencies which will be used under the IGE contract and for other items.

(in million U.S. \$ equivalent)

	<u>U. S. \$</u>	<u>European Currencies</u>	<u>Italian Lire</u>	<u>Total</u>
Nuclear reactor and auxiliaries	21.9	6.0	-	27.9
Turbo generators	-	-	7.5	7.5
Spare parts	0.6	-	0.4	1.0
Civil Works	-	-	7.7	7.7
Substation and transmission lines	-	-	2.5	2.5
Engineering and administrative expense	0.5	-	1.5	2.0
Contingencies	2.0	0.2	2.9	5.1
Fuel fabrication including contingencies	7.6	-	-	7.6
Interest and other charges during construction	5.1	-	-	5.1
Totals	<u>37.7</u>	<u>6.2</u>	<u>22.5</u>	<u>66.4</u>

GSMason:vmc

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: May 26, 1959

FROM: G. Stewart Mason *gsm*

SUBJECT: ITALY - SENN Nuclear Power Project

1. A second meeting of the Working Party was held this afternoon. Technical Operations Department members of the Working Party (Messrs. Wenzell, Allardice and Finne) indicated that since SENN had now proposed a complete guarantee of the construction and operation of the nuclear power plant by three powerful shareholders, i.e., Finelettrica, SIP, and SME, they were willing to revert to the more usual form of Project Agreement which has been a feature of our past loans to the Cassa for various power projects.

2. In other words, Finelettrica, SME and SIP would become parties to the Project Agreement and would in the Project Agreement

- a) unconditionally guarantee the due and punctual performance by SENN of all the agreements on the part of SENN to be performed under the Project Agreement and under the Cassa-SENN Agreement;
- b) join in the Cassa-SENN Agreement as sureties granting joint and several suretyship for the performance of all the obligations of SENN.

In addition, however, they would in the Project Agreement agree to

- c) provide as capital or as shareholders' advances any funds necessary i) to complete the project, and ii) to maintain the efficient operation of the project;
- d) cause the project to be constructed and operated with due diligence and efficiency and in accordance with sound engineering, financial and business standards.

3. Apart from the addition of those provisions to the Project Agreement, SENN would also undertake other conditions in the Project Agreement:

- a) A debt equity ratio of 60:40;
- b) repayment of shareholders' advances only if long-term indebtedness is equal or less than capital and reserves;
- c) no payment of dividends or interest on shareholders' advances until the project is in operation and then only out of surplus in the preceding fiscal year;

To: Mr. S. R. Cope

- 2 -

d) no retirement of any of its capital shares.

4. The other members of the Working Party had no objections to this more simplified approach outlined above.

5. Legal wording to cover the proposed conditions outlined above are attached.

Attachments

GSMason:vmc

cc: Mr. Lejeune
Mr. Cavanaugh
Mr. Allardice/Mr. Wenzell
Mr. Finne
Mr. Scott
Mr. Collier/Mr. Uerler



Record Removal Notice

File Title Nuclear Power Project - Italy - Loan 0235 - P037419 - Negotiations - Volume 4	Barcode No. 1854245
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Document Date May 22, 1959	Document Type Letter
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Correspondents / Participants
Mr. Broches
Mr. Hugh Scott

Subject / Title
SENN Nuclear Power Loan

Exception No(s).

1 2 3 4 5 6 7 8 9 10 A-C 10 D Prerogative to Restrict

Reason for Removal
Attorney - Client Privilege

Additional Comments

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Withdrawn by Chandra Kumar	Date Jul 29, 2013
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✓ May 18, 1959

Dear Mr. Mason,

I have received your letter of May 7 and I have to thank you right away for the friendly welcome given to the delegation in Washington. I, too, regretted that the delegation could not stay longer, as we both would have desired.

I received all the documents you have been kind enough to send me, and they are being examined at present by the offices of SENN.

I will not conceal that we have three points of serious concern:

1. The rate of interest that, according to what Mr. Black told me, will be at least 6%, is deemed by us to be extremely high, as there should be added to it several charges due to the Italian Exchange Office and to the Cassa per il Mezzogiorno, as well as the serious burden of the rate of exchange risk which, in this operation, is entirely the liability of SENN.
2. The setting aside of a depreciation reserve in the minimum amount of \$3.9 millions, to be invested in direct obligations of the Republic of Italy with a maturity of not more than two years, is also extremely burdensome, since the unavoidable slide of all European currencies would involve, through the very accruing of such reserve in Government debentures, quite an imposing annual loss to SENN.
3. The guarantee agreement Cassa-SENN-Shareholders, under the two-fold aspect of "obligations to pay" and "obligation to take power", would compel us to pay a registration tax equivalent to \$4-5 millions, which would downright represent an unsurmountable obstacle to the execution of any such agreement.

Since it is the mutual interest of the Bank, the Cassa, SENN and the Shareholders to see that the initiative is carried out on the basis of absolute soundness and competitiveness with other Italian initiatives of a similar nature, it is necessary that all the formal elements liable to affect the cost of the operation be eliminated.

For that purpose, our viewpoint is that it would be appropriate, in respect of the guarantee, not to change the formulas already applied with success - also for fiscal exemption - in the precedent Loans. In other words, both the Project Agreement and the Cassa-SENN loan agreement should contemplate the usual clauses for granting guarantee in a suretyship form, as indicated in the letter of May 12 by the Cassa per il Mezzogiorno to the Bank.

On the other hand, considering the specific character of the operation, it could be considered, within such suretyship, an undertaking by the sureties to cover the financial requirements in excess of the IBRD Loan, and an operative commitment by the same sureties to complete (if necessary) the project and to continue its operation throughout the duration of the Loan. The latter obligation would correspond to the complete fulfilment of Art. 4 of the SENN by-laws which reads:

" The Company has the purpose of carrying out and operating a "large-scale nuclear power station in Continental Southern Italy "(territory of the Cassa per il Mezzogiorno).

" The Company can also undertake all the activities which will "ensure or facilitate the operation of such station.

" To that end, the Company may carry out all the transactions "having an industrial, commercial, financial, property and real "estate nature, which its Board shall deem useful.

" The Company may also undertake, either directly or indirectly, "interests and participation in other companies and enterprises hav-"ing a purpose similar, allied or anyhow connected to its own."

Still, it is obvious that, in wording the above obligations to be added to those usually undertaken, special care should be taken so as to exclude any element which would deteriorate the cost of the operation, especially under the fiscal aspect.

I trust that the Bank, in the spirit of strict co-operation which is binding us, will take the points mentioned above in favourable consideration.

On this occasion, I deem it my duty to point out that, considering the unextendable deadline for the presentation of a Letter of Intent (which is in no way a commitment with Euratom) to the end of benefiting by the Euratom-USAEC agreements, we are going to submit a formal application which involves a possible alternative in the regrettable hypothesis that the Bank could not take into consideration our points.

I am in perfect agreement with Prof. Pescatore on the advisability that a Bank Mission should come to Italy shortly. The most suitable period could be between June 8 and 15 next.

Looking forward to the pleasure of seeing you very soon, I extend the sentiment of my sincere friendship.

Yours very truly,

Signed: Dr. Ing. Bruno Bianchi

Italy - SENN

SOCIETÀ FINANZIARIA ELETTRICA NAZIONALE
FINELETTRICA
IL CONSIGLIERE DIRETTORE GENERALE

Files
Not answered as yet.

ROMA 18 Maggio 1959
VIA ANIENE, 14
841.341

Caro Sig. Mason,

ho ricevuta la Sua lettera del 7 maggio e debbo subito dirLe che Le sono grato della cortese accoglienza che ci è stata riservata a Washington. Anche a me è dispiaciuto di non aver potuto prolungare il soggiorno, come sarebbe stato nostro comune desiderio.

Ho ricevuti tutti i documenti che Ella si è compiaciuta mandarmi e che sono, in questo momento, all'esame degli Uffici SENN.

Non Le nascondo che tre sono i nostri motivi di seria perplessità:

1) il tasso di interesse che, a quanto mi comunicò Mr. Black, sarà nella misura minima del 6%, è da noi ritenuto fortemente impegnativo dato che a questo vanno aggiunti i vari aggi per l'Ufficio Italiano dei Cambi e per la Cassa per il Mezzogiorno, nonché il grave onere del rischio del cambio, che questa volta è posto integralmente a carico della SENN.

2) l'accantonamento annuo di una riserva per ammortamento, nella misura minima di \$ 3.900.000, da investire in titoli di Stato italiani, di scadenza non superiore ai due anni, è pur non poco oneroso poichè, l'erosione fatale di tutte le monete europee comporterebbe, per il solo fatto di tale accantonamento in titoli di Stato, una perdita annua, per la SENN, di notevolissima entità.

3) la convenzione di garanzia CASSA-SENN- Soci, sotto il doppio profilo di "obbligazioni a pagare" e "obbligazioni al ritiro dell'energia" ci obbligherebbe a corrispondere, per tassa di registrazione, una somma di ammontare pari a 4-5 milioni di dollari, il che costituisce, addirittura, preclusione alla conclusione di un accordo siffatto.

Poichè è interesse comune della Banca, della Cassa, della SENN e dei Soci far sì che l'iniziativa si realizzi su basi di assolu-

./.

Mr. G. STEWART MASON
c/o International Bank for Reconstruction
and Development
1818 H Street, N. W.
WASHINGTON 25, D. C.

Sig. Mason

ta solidità e competitività con altre iniziative similari italiane, è necessario che dalla operazione vengano eliminati tutti gli elementi formali suscettibili di incidere sul costo dell'operazione stessa.

A questo scopo, secondo il nostro punto di vista, gioverebbe non discostarsi, per quello che concerne la garanzia, dalle forme già sperimentate con successo, anche sotto il riguardo dell'esenzione fiscale, nei precedenti prestiti. Sia, quindi, l'accordo di progetto sia il contratto di mutuo tra Cassa e SENN dovrebbero contemplare le consuete clausole per il rilascio della garanzia fidejussoria come indicato nella lettera indirizzata dalla Cassa per il Mezzogiorno alla Banca in data 12 maggio corrente.

Avuto peraltro riguardo alle caratteristiche specifiche di questa operazione si potrebbero considerare nell'ambito di tale fidejussione un impegno da parte delle Società fidejubenti alla copertura del fabbisogno finanziario non assicurato dal mutuo BIRS e un impegno operativo delle stesse che si riferisca al completamento eventuale dell'impianto e la continuità del suo esercizio per tutta la durata del mutuo, ciò che equivale all'adempimento integrale dell'art. 4 dello Statuto sociale della SENN che, qui di seguito testualmente Le trascrivo:

" La Società ha per oggetto la realizzazione e la gestione nell'Italia Meridionale-Continente (zone della Cassa per il Mezzogiorno) di una centrale termoelettronucleare di potenza.
" La Società potrà altresì svolgere tutte le attività che valgano ad assicurare o facilitare l'esercizio delle centrale stessa.
" A tal fine la Società potrà compiere tutte le operazioni a carattere industriale, commerciale o finanziario, mobiliare ed immobiliare che il Consiglio riterrà utili.
" Essa potrà inoltre assumere, sia direttamente sia indirettamente interessenze e partecipazioni in altre Società e Imprese aventi oggetto analogo, affine o comunque connesso col proprio."

E' evidente peraltro che la formulazione di detti impegni aggiuntivi a quelli tradizionalmente assunti dovrà essere curata in guisa tale da escludere qualunque elemento di aggravio del costo dell'operazione particolarmente sotto il profilo fiscale.

Sig. Mason

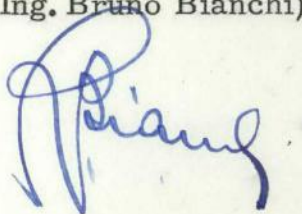
Confido che la Banca nello spirito di quella stretta collaborazione che ad essa ci astringe voglia considerare in senso positivo i punti di vista che ho qui esposto.

Ritengo, in questa occasione, doveroso ricordare che, data la scadenza perentoria dei termini per predisporre una lettera d'Intento (che non rappresenta in alcun modo impegno con l'Euratom) al fine di accedere agli accordi Euratom-Usaec, ci apprestiamo a presentare una domanda formale che implica una possibilità di alternativa per la deprecabile ipotesi che la Banca non potesse prendere in considerazione i nostri menzionati punti di vista.

Sono perfettamente d'accordo con il Presidente Prof. Pescatore sull'opportunità della prossima venuta in Italia di una Missione della Banca. Il periodo più adatto potrebbe essere fra l'8 e il 15 giugno p. v.

Al piacere di incontrarLa al più presto La prego gradire i sensi della mia sincera amicizia.

(Dr. Ing. Bruno Bianchi)

7 

2 Copy - SENN

TO: ALLARDICE
GRANOTEL
ROME

DATE: MAY 15, 1959

CLASS OF
SERVICE: LT

COUNTRY: ~~ROME~~, ITALY

TEXT:
Cable No.: ONE

RE TELEPHONE CONVERSATION AND PESCATORE LETTER TWELVE MAY STOP WHAT DOES
PROPOSAL FOR SME COMMA SIP AND FINELETTRICA TO OPERATE PLANT MEAN STOP
WHO IN THIS CASE WILL MAKE AVAILABLE NECESSARY ADDITIONAL CAPITAL AND
WHO WILL PAY OPERATING EXPENSES STOP PLEASE SEE COUNTERPROPOSALS CLEAR
ON THIS

MASON

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME GSMASON

DEPT. OPERATIONS - EAA

SIGNATURE

G. Stearns Mason

GSMason:vmc (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

cc: Mr. Cope Mr. Cavanaugh
Mr. Scott
Mr. Finne

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)
cleared with Mr. Scott and Mr. Finne

CLEARANCES AND COPY DISTRIBUTION:

For Use by Archives Division

Checked for Dispatch: _____

CLASSIFIED BY: [REDACTED] DATE: [REDACTED]

(PROPERTY: THE USER OF THIS COPY IS TO RETURN IT TO THE ISSUING OFFICE)

CLASSIFIED BY: [REDACTED]

Mr. [REDACTED] (LIFE COPY)

Mr. [REDACTED]

CC: Mr. [REDACTED] Mr. [REDACTED]

CLASSIFICATION: [REDACTED]

SIGNATURE

[Handwritten Signature]

REMARKS: OBSERVATIONS - EVV

NAME: [REDACTED]

MESSAGE AUTHORIZED BY: [REDACTED]

CLASSIFICATION AND COPY DISTRIBUTION: [REDACTED]

NOT TO BE REPRODUCED

[REDACTED]

ON THIS

WHO WITH THE OBSERVING ELEMENTS ARE BEING THE COMPLETION OF THE
AND IN THIS CASE WITH SOME VARIATIONS NECESSARY TO OBTAIN THE
MATERIAL FOR THE COMBAT AND THE IMPORTANCE OF OBTAINING THE
BEFORE THE COMBAT AND THE IMPORTANCE OF OBTAINING THE

CLASS NO: [REDACTED]
TEXT: [REDACTED]

CLASS: [REDACTED]

MAY 15 6 04 PM 1959

REVISION: [REDACTED]

CLASS: [REDACTED]

GENERAL FILES
CORRESPONDENCE

DATE: MAY 15 1959

DISPATCHED

CLASSIFICATION AND DECLASSIFICATION
INSTRUCTIONS AND PROCEDURES

OUTGOING WIRE

CLASSIFICATION AND DECLASSIFICATION
INSTRUCTIONS AND PROCEDURES

(11-82)
FORM NO. 11

Italy - SENN

INDIRIZZO TELEGRAFICO: CASMEZ - ROMA

CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE
NELL'ITALIA MERIDIONALE
(CASSA PER IL MEZZOGIORNO)

Prot. N. 2917 Posiz. PdP/mg

Allegati

Risposta a

del N.

GETTO:

*Not answered.
f*

12 MAG. 1950

ROMA
PIAZZA DEI CONGRESSI N. 20 (EUR)
TEL. 5291

M. Mason

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

Subject: Loan to SENN

We have received Mr. Mason's letter of May 7 on the subject, and the documents attached thereto are now being studied.

In these same days, we have received a confidential letter from SENN raising a point of substantial consequence in respect of the suitability of the SENN-Cassa-Shareholders' Agreement under the viewpoint of fiscal exemption.

While negotiations were being carried out in Washington, the draft of such Agreement was being further studied in Rome in order to ascertain whether its registration could certainly be made without an excessive taxation. The discussions made in that connection with the assistance of the Deputy Attorney General of the State, have disclosed a weak point in the fact that the concept of obligation to pay is present in the Agreement together with the obligation of taking the power produced, although in a sui generis form. The combination of such two obligations would raise the possibility that the Agreement could be taxed in an amount of 2,5-3 billion lire.

Si prega di trattare per ogni lettera un solo argomento

Mod. E 13 aerea (1 000) - 2702

1950 MAY 14 PM 5:02
BANK MAIL ROOM
RECEIVED

The conclusion of the study has been in the sense that the only reliable way of avoiding an unduly high taxation is to replace the Cassa-SENN-Shareholders' Agreement by inserting in the SENN-Cassa Agreement appropriate suretyship provisions similar to those contemplated in the Project Agreements executed between the Bank and the Power Companies beneficiary of previous loans. The suretyship formula could be strengthened by a possible mortgage on SENN station in favor of the Cassa. Finally, the Shareholders' obligation to take all the power produced by SENN could be separately undertaken in letters to be exchanged between the Shareholders and SENN: such letters should not be registered, except in case of default, and should not be referred to in the formal Agreements related to the loan.

The suretyship mentioned before is offered by SENN in two alternative forms: suretyship by all Shareholders, or joint suretyship by Finelettrica and majority Shareholders, whichever form is preferable to the Bank.

The conclusions of SENN is that the possibility of a very heavy taxation, together with the expected rate of interest of at least 6%, would endanger the economic basis of the operation and discourage SENN from proceeding with the negotiations: they felt the duty of disclosing immediately such serious doubts in the spirit of loyal cooperation which is joining them to the Bank and the Cassa in the enterprise.

On our part, we feel that the taxation angle should not be overlooked in view of the weight it could bring to bear on the financial position of the project. This matter could be further illustrated in occasion of Mr. Allardice's visit of May 15, but we would certainly welcome the opportunity of a broader discussion in the further negotiations in Rome that a Bank's mission could have in the last week of May.

With most cordial regards.

Sincerely yours,

THE PRESIDENT
Gabriele Pescatore

Gabriele Pescatore

P.S.: I learn now that the meeting of SENN Shareholders held yesterday has resolved to apply to EURATOM for financing, as the deadline for submitting applications expires on May 28. SENN consider the EURATOM procedure as an alternative to our financing.

Italy - SENN

OUTGOING WIRE

CLASS OF SERVICE: **FULL RATE**

DATE: **MAY 11, 1959**

TO: **C. ALLARDICE
GRAND HOTEL et des BORROMEES
STRESA
ITALY**

om

COUNTRY (

TEXT: **AS RESULT OF REACTIONS FROM EXECUTIVE DIRECTORS PLEASE REDRAFT**

Cable No **FIRST PART OF FIRST SENTENCE ON TOP PAGE NINE TO READ QUOTE IN**

**THE CASE OF THE SENN PROJECT WE WOULD FINANCE AN AGREED PROPORTION
OF THE CAPITAL COSTS INCLUDING ETC UNQUOTE STOP ALSO DELETE
FOLLOWING SENTENCE REFERRING TO FORTY MILLION DOLLARS STOP (PARA)
ALSO NOTE OMISSION AT TOP PAGE FOUR OF ONE QUARTER PERCENT
COMPONENT IN INTEREST RATE TO COVER ADMINISTRATIVE COSTS**

KNAPP

AUTHORIZED BY:

NAME: **J.B. Knapp
Vice President**

DEPT:

SIGNATURE: _____

(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required. Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter

Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype

To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBARFAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. recourlet, reurtive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.

4. Signature

Type in last name of sender. Use INTBARFAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office:

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED
GENERAL FILES
CORRESPONDENCE

MAY 11 10 45 AM 1959
MIX Code

May 7, 1959

Dear Dr. Bianchi:

It was a great pleasure for us to see you in New York and in Washington and our only regret is that your stay was so short.

At our meeting in Washington we discussed the proposed loan of \$40 million to the Cassa per il Mezzogiorno to be relent to Societa Elettronucleare Nazionale (SENN) and in this connection we discussed the latest drafts of the Loan Documents as follows:

Guarantee Agreement Draft of April 23

We have not made any changes in this draft. It is similar to the form of the Guarantee Agreements used in the previous loans to the Cassa except for Section 2.02 to which we drew your attention and that of Professor Pescatore and which we also discussed with Governor Menichella during our stay in Rome.

Loan Agreement Draft of April 24

We now enclose two copies of the draft dated May 5. The changes made have been marked in red and with one exception, all these changes were discussed during our Washington meetings. The exception is modification (b) of Schedule III which modifies Section 3.01 of the Loan Regulations in regard to the currency to be withdrawn in respect of goods purchased in Italy.

Project Agreement Draft of April 23

We now enclose two copies of the draft dated May 5. Once again the changes made from the previous draft have been marked in red. These are not substantial.

Societa Elettronucleare Nazionale
Via Torino 6
Rome
Italy

List of Goods Letter

We enclose two copies of a draft List of Goods Letter with the List of Goods attached thereto. Under the Letter as now drafted, SENN would be able as soon as the Loan became effective, to draw down the equivalent of between \$2.3 and \$2.8 million, \$1 million of which would be reimbursement for \$1 million already paid under the IGE contract and the balance for engineering charges. Furthermore, the List of Goods as now composed would, according to our present estimates, enable the Cassa and thus SENN to draw down the Loan as fast, if not faster, than a procedure by which the Cassa would draw down 60% of total expenditures as work on the project progressed.

If, however, SENN and the Cassa still believe that there are advantages to be derived from the latter procedure, we should be prepared to leave open for further discussion our position that withdrawals under the proposed Loan be dependent on a List of Goods.

SENN-Cassa Agreement and SENN-Cassa-Shareholders' Agreement

We understand that you will have the above documents redrafted on the lines discussed with you in Washington. The redrafted documents are then to be submitted to a SENN shareholders' meeting on May 11, and thereafter copies of the approved drafts will be forwarded to Washington.

We understand that SENN still wishes to sign the Loan Documents in September rather than in June as we had tentatively agreed during our discussions in Rome. Even so, we should like to have the Loan Documents and the Agreements between SENN and Cassa and SENN and the shareholders in as final a shape as possible at the soonest convenient date. If, therefore, the final drafts of the SENN-Cassa Agreement and the SENN-Cassa-Shareholders' Agreement will be ready shortly after May 11 and if you can also prepare your comments on the draft Loan Documents enclosed with this letter, we would hope that except for the matter of interest rate, all the above documents could be put into final shape by the end of May or the beginning of June.

This would in effect mean that any further negotiations should take place quite shortly. I would, therefore, like to know whether it would be possible for SENN and for the Cassa to send representatives to Washington for such negotiations by June 1 or alternatively receive members of the Bank staff in Rome at the end of May for, say, at least a week of intensive negotiations.

As promised, I am sending a copy of this letter and of the Loan Documents to Professor Pescatore.

Kindest regards,

Sincerely yours,

GSMason/MLejeune:vmc

cc: Mr. Cope, Mr. Lejeune, Mr. Allardice,
Mr. Scott, Mr. Finne, Mr. Verheyen

Enclosures

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

LIST OF GOODS LETTER

DRAFT - May 5, 1959

[Date]

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

Loan No. IT

Gentlemen:

Referring to the Loan Agreement of even date, between your Bank and the Cassa per il Mezzogiorno, there is attached hereto a List of Goods to be purchased out of the proceeds of the Loan, to which we request your approval in accordance with Section 3.01 of said Loan Agreement.

Pursuant to Section 4.01 of Loan Regulations No. 4, we also request your agreement that, subject to the provisions of said Loan Agreement, withdrawals may be made from the Loan Account provided for in said Loan Agreement:

- (i) on account of expenditures under categories I and IV of the attached list made before the Effective Date, but subsequent to October 1, 1958, and
- (ii) on account of expenditures under category IV of the attached list made before October 1, 1958, up to an amount equivalent to \$500,000.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

SOCIETA ELETTRONUCLEARE
NAZIONALE "SENN" PER AZIONI

By: _____
Authorized Representative

Confirmed:
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: _____
Authorized Representative

LIST OF GOODS

Amount expressed
in U.S. Dollars

I.	IGE contract for a nuclear power station	\$27,000,000
II.	Turbogenerator	4,500,000
III.	Fuel element fabrication	2,500,000
IV.	Engineering and related charges	1,800,000
V.	Interest and other charges during construction	<u>4,200,000</u>
		<u>\$40,000,000</u>

May 5, 1959.

M. J. Barth,
Societe Generale de Constructions
Electriques et Mecaniques, ALSTHOM,
38 Avenue Kleber,
Paris, 16e, France.

Dear M. Barth,

Thank you for your letter of April 29 and as you request I am enclosing six further copies of the Summary Report of the International Panel.

I appreciate your remarks concerning changing the legend of the charts but unfortunately they were already at the printers when your letter arrived. However, I believe that reading the text of the report with the legend will remove the confusion.

It was indeed pleasant seeing you in Cleveland and I am looking forward to seeing you again in Stresa next week.

Sincerely yours,

Corbin Allardice

Corbin Allardice
Adviser on Atomic Energy

Attachments.

May 7, 1959

Dear Professor Pescatore:

As we agreed during your all too brief stay in Washington, I now enclose two copies of the latest drafts of the Loan Agreement and the Project Agreement together with a draft List of Goods Letter. I am also enclosing a copy of a letter which we have today sent to SENN for the attention of Dr. Bianchi. This letter explains the changes in the new drafts, all of which have been marked in red to show the differences between them and the copies given to you in Washington.

You will also note from our letter to Dr. Bianchi that, though the signing has at SENN's request been postponed until September, the Bank would like to have all documents put into final draft form as soon as possible. For this reason, we should like to complete our negotiations in the first weeks of June in Washington or alternatively in the last week in May in Rome.

Kindest regards,

Sincerely yours,

G. Stewart Mason
Department of Operations
Europe, Africa and Australasia

Professor Gabriele Pescatore
President
Cassa per il Mezzogiorno
Piazza dei Congressi 20 (EUR)
Rome, Italy

gsm.

GSMason:mas
cc: Mr. Eope, Mr. Lejeune
Mr. Allardice, Mr. Finne, Mr. Scott, Mr. Verheyen

LIST OF GOODS LETTER

DRAFT - May 5, 1959

[Date]

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.

Loan No. IT

Gentlemen:

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- (ii) on account of expenditures under category IV of the attached list made before October 1, 1958, up to an amount equivalent to \$500,000.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

SOCIETA ELETTRONUCLEARE
NAZIONALE "SENN" PER AZIONI

By: _____
Authorized Representative

Confirmed:
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: _____
Authorized Representative

LIST OF GOODS

Amount expressed
in U.S. Dollars

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II.	Turbogenerator	4,500,000
III.	Fuel element fabrication	2,500,000
IV.	Engineering and related charges	1,800,000
V.	Interest and other charges during construction	<u>4,200,000</u>
		<u>\$40,000,000</u>

OFFICE MEMORANDUM

TO: Files
FROM: G. Stewart Mason *GSM.*
SUBJECT: ITALY - Senn

DATE: May 6, 1959

Corbin Allardice has informed me that, according to the Italian press, a new president of Senn has now been chosen.

His name is Tommaso Zerbi. He is a professor of general and applied accounting. He has been an under-secretary to the Minister of the Budget and is a Christian Democratic Party Deputy.

cc: Mr. Cope/Mr. Lejeune
Mr. Scott
Mr. Finne
Mr. Verheyen

May 5, 1959.

Dr. W. B. Lewis,
Vice President, Research and Development,
Atomic Energy of Canada Ltd.,
Chalk River, Ontario,
Canada.

Dear Ben,

Thank you for your letter of May 1 and for the kind words in your letter to Mr. Black.

I do find the number of neutrons per centimeter squared that you utilized in your steel experiments rather small, viz: 3×10^{-19} n/cm². I suppose, however, that background neutrons are scarce in Canada!

Sincerely,

Corbin Allardice

Corbin Allardice

P.S. Obviously no reply needed. I have already crossed out the minus sign before the exponent!

CA.

HOLD FOR RELEASE

WORLD BANK



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25. D. C. TELEPHONE: EXECUTIVE 3-6360

FOR RELEASE

A.M. Newspapers, May 4, 1959

SUBJECT: Report on Nuclear Power in
Southern Italy

The World Bank is publishing today the Summary Report of the International Panel on Project ENSI. The Report was the work of seven internationally known experts on nuclear power who formed the International Panel appointed by the Bank to take part in a study of the feasibility of generating electricity in Southern Italy by means of a nuclear power station.

The study, known as Project ENSI (Energia Nucleare Sud Italia), began in July 1957 and consisted of the preparation of detailed specifications for the first nuclear power plant to be built in Italy, and an examination of the nine tenders which were later submitted by suppliers from the United States, the United Kingdom and France. The study was completed in October 1958, at which point the International Panel had analyzed and reported on the nine tenders. Subsequently the Italian utility which will be responsible for the new power plant, Societa Elettro-nucleare Nazionale, selected the tender submitted by the International General Electric Company of New York.

In transmitting the Summary Report to the Board of Governors and the Board of Executive Directors of the Bank, Eugene R. Black, President of the Bank, said:

"The choice by SENN and the Italian authorities of the successful tender was, of course, neither within the scope of the Panel's responsibility nor within that of the Bank, and, as I understand

the Report of the Panel, the final choice could as well have gone another way. What particularly impresses me is that in the highly competitive field of nuclear power development, the study (Project ENSI) has been accepted by the commercial firms and the governmental authorities as a balanced and impartial work and as a valuable contribution to nuclear power development."

Copies of the Summary Report are available from the World Bank at 1818 H Street, N.W., Washington 25, D.C., U.S.A. The full report of the Panel contained a great deal of confidential commercial material and for that reason cannot be made available.