Folder Title:	Eugene H. Rotberg - Chronological Records - Volume 14 - December 1974 - March 1975
Folder ID:	1858117
Series:	Chronological files
Dates:	12/18/1974 - 03/31/1975
Fonds:	Personal Papers of Eugene H. Rotberg
ISAD Reference Code:	WB IBRD/IDA ROTBERG-5901S
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Eugine H. Rotberg chronological files
Vol. 14. January-March 1975

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INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron.

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

DATE: March 31, 1975

FROM: Edith M. Kesterton EMK

SUBJECT: Future Travel - Treasurer's Department

Mr. Rotberg

Mr. Rotberg will be in New York on April 9.

He will be in Buffalo on April 10.

He will be in Ann Arbor, Michigan on June 20.

Mr. Hittmair

Mr. Hittmair is presently in Japan on official business, until April 11.

From April 12 he will be on vacation and will return to the office on April 21.

EMK/

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Eugene H. Rotberg, Treasurer

DATE: March 28, 1975

FROM: Mr. H. C. Hittmair Haws

SUBJECT: Visit of Mr. Ronald Eadie, Wells Fargo, April 8th, 2:00 p.m.

This is an additional short note concerning this visit. Mr. Eadie is new within Wells Fargo to the international scene. He would, therefore, be most interested in an overview of our activities and due to his previous specialization he might be particularly interested in the work of our Investments Division. That much from Mr. Jacobs who called me concerning this visit.

HCH:jcv

Copy to MB

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: INTERBANK
BASLE

DATE: MARCH 27, 1975

CLASS OF SERVICE: TELEX

X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

FOR MR. ROGER STEVENSON

DELIGHTED THAT YOU WILL JOIN US FOR DINNER FRIDAY APRIL 11.

SUGGEST YOU COME TO MY OFFICE (ROOM E-427, 701 NINETEENTH STREET NORTHWEST) AT FIVE P.M. KINDEST REGARDS.

GENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAIR

DEPT. TREASURER'S

SIGNATURE (Signature of Individual Authorized to Approve)

REFERENCE: EMK/

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Dispatch:

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

440098 IBRD UI

62679 BIZ CH (Telex NO.)

INCOMING TELEX From Zurich

HERE BANK FOR INTERNATIONAL SETTLEMENTS BASEL

March 20, 75

Distribution:

20TH MARCH 1975 RGS/FR 19.00 TELEX Mr. Rotberg

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

WASHINGTON

FOR MR. EUGENE H. ROTBERG, TREASURER

MANY THANKS YOUR TELEX OF YESTERDAY. I LOOK FORWARD TO SEEING YOU DURING THE AFTERNOON OF FRIDAY, 11TH APRIL, THE TIME TO SUIT YOU, AND ACCEPT HEARTILY YOUR KIND INVITATION TO DINNER THAT EVENING. KINDEST REGARDS.

ROGER STEVENSON

440098 IBRD UI

62679 BIZ CH

RECEIVED

Mar 20 2 40 PM 1975

COMMUNICATIONS SECTION

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

April 11
5 pm.

OUTGOING WIRE

TO: INTERBANK
BASLE

DATE: MARCH 19, 1975

CLASS OF SERVICE: TELEX

X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.: FOR MR. ROGER STEVENSON

DELIGHTED TO SEE YOU ON FRIDAY, APRIL 11, IN THE AFTERNOON. WOULD BE MOST PLEASED IF YOU COULD JOIN ME AND MY WIFE FOR DINNER THAT EVENING. KINDEST REGARDS.

GENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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Checked for Dispatch:

440098 IBRD UI

62679 BIZ CH

(Telex NO.)

INCOMING TELEX From Zurich

HERE: BANK FOR INTERNATIONAL SETTLEMENTS, BASLE/SWITZERLAND

Distribution:

18TH MARCH 1975 RGS/ZI 17.15 TELEX Mr. Rotberg

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON

FOR MR. EUGENE H. ROTBERG, TREASURER

AS I MENTIONED TO YOU OVER THE PHONE RECENTLY I SHALL BE IN WASHINGTON NEXT MONTH AND WONDER WHETHER IT WOULD BE CONVENIENT IF I WERE TO CALL ON YOU ON FRIDAY, 11TH APRIL. KINDEST REGARDS.

ROGER STEVENSON

440098 IBRD UI

62679 BIZ CH

RECEIVED
MAR 18 1 31 PM 1975
COMMUNICATIONS SECTION

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

DATE: March 24, 1975

FROM: Eugene H. Rotberg EHR per EMW

SUBJECT: IBRD Financial Policy

You suggested that I summarize my views on World Bank financial policies as they might be explained, perhaps through an informal seminar, with Executive Directors representing Part II countries. As you know, many of these Directors are new; few have been briefed on the underlying assumptions behind our liquidity policy or our income projections. For example, some do not realize that when we talk about our "borrowing requirements," that we are simply measuring the resource gap between incoming and outgoing funds. I think there also is a need for some further explanation about factors which affect our net income, i.e., the contractual constraints and variability of the elements of our income and expenses; the lag between the imposition of a changed lending rate and its generation of increased income, etc. Some of the matters and points which we might review with the EDs are the following:

(1) The elements which make up the Bank's cash flow.

(2) The elements affecting the Bank's net income. The main point here would be that the Bank's net income, over a three or four-year period, is primarily affected by its marginal borrowing costs, the realized return on its liquid resources, the level of its commitments (through the increased commitment fee) and its administrative expenses. A change in the lending rate itself has a rather minimal impact during the first few years after the increase has taken place. Its impact of course is substantial in later years.

(3) Significance of net income variations. Changes in net income, even rather substantial ones, over a five-year period have a relatively minor impact on the Bank's cash flow because net income finances only a relatively small proportion of the increasing level of Bank disbursements.

(4) The increasing resource gap. Requirements of funds are met, for the most part, by new borrowings rather than by reduction of liquidity. Net income, loan repayments and loan sales - the other elements in our cash flow - represent a comparatively small and diminishing source of funds in comparison with increasing disbursements. Additional capital contributions, another important financing source are not under our operational control and, in any event, are not projected to be significant in the next few years.

CASH FLOW

The Bank has three primary sources of funds: (a) income from operations; (b) loan repayments; (c) capital subscriptions. Loan sales or participations are insignificant as a source of funds - though they may in the future become important if Part I countries or OPEC repurchase their own loans either to reduce their currency risk on outstanding loans or as a method of subsidizing the "third window." The primary elements of the cash outflow are the disbursements and debt service (interest and principal) on our funded debt. The table below shows the projected net resource gap for FY75-FY79.

IBRD: Forecast of Sources and Application of Funds FY75-79

(in $ millions)

Fiscal year ending June 30	1975	1976	1977	1978	1979	Total
Sources of Funds						
Operating income	1005	1212	1381	1617	1906	7121
Loan repayments to Bank	570	703	766	891	1016	3946
Capital subscription	50	5	100	100	200	455
Loan sales	25	75	75	75	75	325
Miscellaneous liabilities net variations(±)	(48)	82	41	52	62	189
Total Sources	1602	2077	2363	2735	3259	12036
Applications of Funds						
Loan disbursements	1882	2600	3210	3780	4433	15905
Debt service*						
Interest	760	968	1156	1378	1642	5904
Principal	1013	1281	1287	988	1307	5876
Sub-total	1773	2249	2443	2366	2949	11780
Miscellaneous requirements	49	43	58	69	119	338
Incr. in cash balance	1489	385	202	420	558	3054
Total Applications	5193	5277	5913	6635	8059	31077
Foreign exch. adj. (net)	(41)	-	-	-	-	(41)
Financing gap*	3550	3200	3550	3900	4800	19000

*Assuming financing gap is borrowed. If no such assumption is made interest cost would decrease about $1.5 billion over 5-year period to $4.4 billion and the estimated gap would be $17.5 billion.

Source: P&B Id of 2/6/75

The matter is relatively straightforward to explain -- annually more goes out than comes in -- and since few of the cash flow items can be increased or decreased unilaterally by the Bank - because of contractual constraints, it falls on the borrowing program to fill the financing gap. If, for example, in FY79 the Bank borrows enough to refinance all debt maturing in that year, it would have a "financing gap" of about $3.5 billion. It then has two choices. It can either draw down its liquidity, whatever it might be at that time, or borrow and maintain its liquidity in line with the established policy.

Changes in projected operating income (increases in administrative expenses; better or worse return on liquidity) will only marginally affect the financing gap. Even projected capital increases, though necessary and valuable to subsidize the Bank lending rate and strengthen the Bank's capital structure, will little affect the Bank's immediate requirements for new resources.

We call the annual resource gap our "gross borrowing requirement." How much of it can actually be raised through borrowings and how much from our liquidity reserve is governed by the Bank's liquidity policy which is expressed in a rather straightforward formula. We sum the annual financial shortfalls for a period of three years forward and take 40% of the sum total of these shortfalls as the liquidity target for the beginning of the period. The theory is that the uncertainty of knowing (a) how much we can borrow, (b) the currency that we can borrow, (c) on what terms and (d) at what cost, is such that it is prudent to have cash available. The semantics appear circular, because the question still remains: is it "required" that we borrow or should we draw down liquidity? That threshold question, though a subjective one, is answered in effect by judging the risk we take by deferring current borrowing. The greater the "borrowing requirement" - the resource gap - both in absolute terms and relative to the previous levels of borrowing, the greater the risk. The consequences of failure for the Bank's general operations underlines the need for prudent management and the minimization of risk.

The financial shortfall, as forecast, increases each year. The reasons are threefold:

(1) As the Bank increases its commitment level, its disbursements, though lagging commitments, are not offset by loan repayments on new loans because of the grace period (also with level repayments, principal repayments are lower in earlier years of a loan). The loan repayments that are made in any given five-year period are a function of the prior borrowing programs. Therefore, if in dollar terms, we increase our commitment level, the resource gap immediately following must increase proportionately even more.

(2) The financing gap in the near term cannot be narrowed by raising the lending rate because the higher income would only affect our cash flow, after sufficient disbursements at the higher rate have been made over the years, and even then only minimally in the context of our overall requirements.

(3) Capital increases, loan sales and new subscriptions are forecast to be relatively small.

On the other hand, the financial gap can easily increase - e.g., through deferred loan payments or defaults, increased administrative expenses, etc. There are few possibilities for a reduction of the financial requirements because most of the incoming resources are attributed to fixed contractual arrangements which cannot unilaterally be changed.

The point also can be expressed by a table which shows the number of months it would take before our cash declines to $2.0 billion -- a point at which our access to market probably would be affected. The table below shows the number of months it would take before liquidity declines to $2.0 billion -- assuming (a) that the Bank does not borrow at all in any given fiscal year or (b) only borrows sufficiently to refinance debt maturing in that fiscal year. Note that if the Bank refinances all maturing debt in FY78 or FY79 that, despite the increased liquidity, the liquid balance covers about 25% less of the subsequent year's Bank obligations than the liquidity position in FY76.

IBRD: Cash Balances Measured Against Financing Gap

($ millions except where otherwise stated)

Fiscal year ending June 30	1975	1976	1977	1978	1979
Financing gap (see Table page 2)	3550	3200	3550	3900	4800
Less: refinancing of maturing debt	1013	1281	1287	988	1307
Adjusted financing gap	2537	1919	2263	2912	3493
Cash balance in excess of $2 billion	1824	3313	3698	3900	4320
Number of months cash balance in excess of $2 billion covers					
(a) subsequent cumulative financing gaps	6	12+	12+	12	11
(b) subsequent cumulative financing gaps, after refinancing maturing debt	9	19+	18	15+	14+

Our liquidity position can also be looked at as a percentage of undisbursed loans. Though the Bank has other obligations, this is a convenient way of showing the liability to the developing world which remains unfunded:

IBRD: Liquidity as % of Undisbursed Effective Loans
(in $ millions)

Fiscal year ending June 30		1975	1976	1977	1978	1979
(A)	Cash balance at year end	5313	5698	5900	6320	6878
(B)	Undisbursed loans at year end	9590	11575	13805	16256	18912
	(A) as % of (B)	55.4	49.2	42.7	38.9	36.4

Finally, I think the attention of Part II Directors should be drawn to the increase in our funded debt, which will rise from approximately $12 billion at the end of FY75 to $23 billion in FY79. The increase in funded debt, in effect, mirrors the net resource gap, plus an increase of $1.5 billion in our cash position by FY79. The liquidity position at that time, in turn, is based upon the projected financial gap for the period FY80/82.

I don't think that most of this has been explained to the Executive Directors. While this material is elementary and the staff is used to these concepts and is familiar with their implications, few of the Executive Directors have had these matters explained in a straightforward way. The problem is not complex and can be set forth in a way which will put our liquidity policy and our borrowing program in some perspective. There is room, of course, for a sophisticated risk/probability analysis which would quantify the risks of shortfalls or increases in the elements of our cash flow -- but I don't think that is necessary for an introductory seminar.

. . .

LENDING RATE AND NET INCOME

I turn now to matters concerning the Bank's lending rate. This, too, is not a difficult matter. Three factors limit our income potential over the next five to ten years.

First, our lending rate: since FY68 the Bank has virtually always had a negative spread, i.e., the lending rate on new loans committed in any given year was with the exception of one year (1973) below the average cost of borrowing for that year.

	1968	1969	1970	1971	1972	1973	1974	Est. 1975
Spread between lending rate and cost of new borrowing	-.19	-.05	-.59	-.80	-.13	+.33	-.24	+.15

As a result, and because of the volume of our borrowing, by 1970 the average cost of our total funded debt exceeded the average interest on our loans receivable outstanding, thus eliminating the income-generating power of the portfolio portion corresponding to funded debt. The policy of making commitments at an interest rate lower than our incremental borrowing costs, however, for good reason, did not have an immediate detrimental effect because of our other financial resources -- (the increase in and yield on our liquidity portfolio, and the substantial earning power derived from our cost-free reserves). These factors made it possible to postone a matching of the marginal lending rate and the marginal borrowing cost.

Second, the income-earning potential is limited by the substantial increase in debt compared to capital and reserves in recent years and the cost of that debt.

Third, the return on the loan portfolio in the future will become far more significant in generating income than the return on our liquidity. That return is predictable and, in my view, will remain lower than the return on our investments. Such was not the case in recent years where the relatively large holdings of cash and liquid resources -- as compared to the volume of outstanding and disbursed loans receivable -- and the high return on these investments masked the effect of the concessionary lending rate. In future years we cannot rely on a negative yield curve for extended periods, i.e., a higher yield on short investments. Of more significance, the amount of liquid resources generating income declines continuously as a percentage of total income-producing assets. Thus, the interest rate on new loans will become far more important for the Bank's income than the income on investments.

The table immediately following shows the interest rate on all outstanding loans and the cost of all funds for FY65 through FY79 (in %):

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Year	Interest Rate on Outstanding Loans (A)	Cost of All Funds (B)	Difference (A) - (B)
FY65	5.42	1.98	3.44
FY66	5.44	2.00	3.44
FY67	5.50	2.09	3.41
FY68	5.52	2.21	3.31
FY69	5.59	2.42	3.17
FY70	5.64	2.83	2.81
FY71	5.71	3.15	2.56
FY72	5.85	3.59	2.26
FY73	6.08	4.02	2.06
FY74	6.29	4.46	1.83
FY75	6.45	5.00	1.45
FY76	6.61	5.39	1.22
FY77	6.86	5.71	1.15
FY78	7.13	5.98	1.15
FY79	7.37	6.18	1.19

The reason why the loans receivable only generate income by the end of FY79 at an interest rate of 7.37% should be explained to the EDs. The new 8-1/2% lending rate, even given the current volume of projected commitments at 8-1/2% does not produce substantial income for some years because of the large base of lower-yielding loans and the lag in disbursements.

As may be observed, by 1979 the cost of all funds approaches the interest rate on outstanding loans. In 1970 the differential between the two rates was 281 basis points; currently the difference is 145 basis points. By 1980 it will be 119 basis points. This means that, although our income, in absolute terms, will be maintained because of the larger base of loans receivable, we are at greater risk since unexpected changes in administrative expenses, increased borrowing costs etc. cannot be covered - perhaps offset is the better word - by higher returns on liquidity. The increased lending rate of 8-1/2% stabilizes the narrowing spread between outstanding loans and cost of total funds after 1980. What we have done in the last six or seven years is to use the 1:1 debt/equity ratio in 1965 and the return on our relatively high liquidity to increase our borrowing capacity and our lending at concessionary lending rates. The 8-1/2% rate represents, in a sense, a recognition of the need for some financial "retrenchment" since there no longer exists that "excess" financial capacity to continue the extent of the subsidization of prior years. Reference also should be made to the commitment fee. That fee during a period of considerable recent and projected growth of the Bank will generate considerable current income. By FY79, the commitment fee will result in income equal to 40% of our projected net income.

RESERVES

Now a word about reserves. As you know I think much of the talk around the Bank about "reserves" is nonsense - but even my rather low level of discretion would prevent me from expressing this view to the Executive Directors.

I do not pretend to be an expert on such matters; my betters have explained that reserves as an accounting concept represent merely the excess of assets over the sum of share capital and debt. To that extent, they are a rather abstract notion. They are formed by the retention of profits and reflect valuation practices adopted for balance sheet purposes.

Their significance, in my view, is the fact that they constitute resources which (a) are not repayable and (b) have entered and been maintained in the system cost free thus lowering the cost of total funds. The size of reserves shown in a balance sheet by themselves would give no indication about the solvency of an enterprise. If past valuation practices have overstated assets or if assets cannot be easily liquidated, reserves in the balance sheet are no assurance for liquidity and, therefore solvency.

Now, I am sure that there is room for a reasoned debate as to whether the reserves of this Bank could be "mortgaged" in some way or sold outright in order to generate resources needed to meet obligations to creditors. But that is a fairly academic question. It is our liquidity and our income-generating power, not our reserves, which are perceived by creditors as the basis for their support of the Bank. I think it would be unwise to shift creditor focus to reserves or to the "value" of our loan accounts. Frankly, I can think of few arguments less attractive to investors than to assure them that in the event of defaults from some borrowers we might sell off our remaining loans to generate resources to meet our obligations. Investors particularly in recent years have learned to look to liquidity. If there were little liquidity or if it were perceived to be declining in the context of our debt servicing and disbursement requirements, they would, I believe, ignore the fact that our accountants tell us that we have great reserves in the form of long-term obligations owed to us by the developing world.

Perhaps though I am wrong. It may be that institutional investors really have a great interest in our reserves -- apart from their significance in generating income because of their cost-free nature. I am reasonably confident, however, that investors would not look to the size of reserves as support for increasing loans to countries of doubtful creditworthiness. Admittedly, I do not know how to define creditworthiness or categorize countries; nor do I have any idea whether the volume of outstanding loans to countries deemed "most likely to default" should not exceed 5% or 25% of these reserves. This is not to say that we shouldn't make loans to countries which are not "fully creditworthy"; indeed we might do so, but on the basis of our liquidity position and an income-generating power based on a reasonable lending rate and substantial cost-free funds. I would have little difficulty in explaining some deterioration in the quality of our portfolio or even defaults to institutional investors on that basis. So long as new funds are available in the market from any source (borrowings from governments or capital contributions) we will be able to "write-off" part of our loan portfolio and thus our reserves with little adverse public market impact. Perhaps for a time, we can draw down our liquidity while explaining to the financial community the relatively minor impact of a loss of a future stream of loan repayments which we did not acquiesce in. But what we should not do is "merchandise" our reserves as an important talking point. I think it will shift the focus of evaluating the Bank and to our disadvantage.

On balance, I believe that relatively minor defaults are more palatable than reschedulings to the financial community. The latter, I would suggest, would be read as a change in policy by the Bank -- a new precedent which would encourage larger deferrals of future payments by shaky borrowers. The financial implications of that development, I think, would be perceived by the financial community as being less palatable than a default -- particularly if a default were accompanied by a cessation of lending and disbursements. In my view, the more attractive financial reporting, in the accounting sense, of a rescheduling as compared to a default isn't worth the candle. My views on this point, of course, would be tempered by the size of the potential default vs rescheduling, the reasons for it, the Bank's visible future posture toward that country, the probability of capital increases, etc. The resolution of the question whether defaults are preferable to rescheduling or vice versa, however, I suggest should not be determined by talk about "reserves" but rather should depend upon a reasoned evaluation of the reaction of the financial community to either alternative.

EHRotberg:emk

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

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BASLE

DATE: MARCH 19, 1975

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AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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End of period	Middle East: Oil exporters	Egypt	Sudan	Syria	Africa: Algeria	Gabon	Ivory Coast	Kenya	Nigeria	Zaire	Zambia
UK liabilities											
1971	842	5	1	–	14	–	–	9	12	4	4
1972	1,532	8	3	1	11	–	1	21	6	2	4
1973	1,730	49	3	13	75	3	5	25	18	3	17
1974 Jan.	1,987	79	5	13	99	–	8	34	15	4	35
Feb.	2,340	66	2	3	131	–	8	32	7	3	34
Mar.	2,633	66	2	4	171	–	9	40	6	3	40
Apr.	3,284	97	4	4	183	–	8	45	6	2	48
May	3,727	71	9	22	242	–	5	43	6	2	87
June	4,258	65	11	23	277	–	8	42	6	11	73
July	4,718	119	6	22	248	–	7	37	6	7	79
Aug.	5,373	134	7	34	272	–	11	38	7	2	94
Sept.	5,368	173	22	34	310	–	13	40	7	2	75
Oct.	6,459	145	40	31	275	–	14	58	7	3	44
Nov.	6,832	129	11	19	190	–	15	41	7	2	39
Dec.	7,134	101	20	26	215	–	2	44	7	5	33
UK claims											
1971	169	4	2	–	9	2	–	4	8	17	1
1972	254	51	11	–	38	1	5	10	4	15	2
1973	353	29	10	–	142	12	9	10	5	44	45
1974 Jan.	371	35	9	5	148	11	15	10	4	47	46
Feb.	393	40	10	6	177	12	10	10	4	46	49
Mar.	421	59	10	4	167	12	9	10	5	44	46
Apr.	419	60	12	4	168	12	10	10	7	43	45
May	408	65	13	4	155	13	9	10	6	43	46
June	397	58	11	6	167	13	8	9	6	50	50
July	399	82	13	5	166	13	8	9	7	52	48
Aug.	341	92	12	1	148	14	11	9	12	56	58
Sept.	331	100	14	–	166	13	10	9	9	55	47
Oct.	335	91	15	4	153	14	9	10	9	52	45
Nov.	426	101	22	6	145	15	9	10	10	57	54
Dec.	510	119	14	11	179	16	11	13	14	61	51

End of period	Far East: Burma	India	Indonesia	Korea	Malaysia	Pakistan	Philippines	Sri Lanka	Thailand	Other: Australia	Japan	New Zealand	South Africa	Other[a]
UK liabilities														
1971	1	3	11	69	44	4	33	–	152	16	284	4	6	721
1972	–	9	63	125	77	31	56	–	169	63	500	25	16	1,258
1973	–	37	96	225	167	83	189	1	253	60	1,234	33	81	2,036
1974 Jan.	–	29	88	232	191	75	206	1	230	69	1,345	34	88	2,096
Feb.	11	30	88	220	180	83	217	–	254	68	1,352	33	85	2,610
Mar.	1	28	83	179	200	66	212	1	279	67	1,505	33	93	2,444
Apr.	8	57	147	153	206	45	235	–	314	66	1,483	33	72	2,410
May	8	86	173	136	189	42	227	–	317	65	1,550	22	80	2,358
June	19	71	191	132	192	42	198	2	353	60	1,470	15	88	2,167
July	19	67	178	123	193	43	189	–	359	62	1,503	18	75	2,084
Aug.	17	62	194	120	193	39	204	5	395	61	1,465	8	48	1,946
Sept.	9	51	111	115	196	87	191	2	388	27	1,729	9	69	2,018
Oct.	9	66	66	123	199	125	208	3	388	30	1,445	10	74	2,016
Nov.	4	61	50	128	199	107	190	1	396	27	1,373	13	56	2,253
Dec.	7	46	39	91	237	86	184	1	438	50	1,378	15	46	1,422
UK claims														
1971	3	4	13	74	10	16	53	7	37	217	1,291	26	167	463
1972	6	11	58	82	36	11	57	7	46	441	1,914	25	301	456
1973	1	40	107	101	56	20	67	5	55	383	3,093	45	259	744
1974 Jan.	1	13	106	116	50	20	80	8	77	378	3,438	46	271	864
Feb.	12	8	114	113	49	16	78	10	75	360	3,869	53	329	738
Mar.	6	14	124	130	46	24	85	21	74	343	4,530	57	352	935
Apr.	2	15	125	149	49	23	73	17	65	349	4,769	58	324	989
May	2	15	130	150	46	24	84	12	57	385	5,158	60	322	684
June	1	15	139	150	54	21	88	12	48	408	5,385	61	365	647
July	1	15	152	129	53	21	80	5	55	404	5,170	65	376	673
Aug.	2	21	153	132	76	22	83	8	53	408	5,038	75	389	896
Sept.	1	20	149	147	63	24	83	6	52	390	5,562	133	406	1,023
Oct.	2	23	161	162	75	29	84	5	55	403	5,843	123	448	947
Nov.	1	25	166	171	64	35	85	2	58	413	5,624	135	488	1,114
Dec.	1	22	165	165	59	36	110	6	58	420	5,872	172	572	513

[a] Includes unallocated items; under liabilities these are largely unallocated dollar certificates of deposit which are thought to be held by residents of overseas countries.

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OUTGOING WIRE

TO: INTERBANK
BASLE

DATE: MARCH 27, 1975

CLASS OF SERVICE: TELEX

X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

FOR MR. ROGER STEVENSON

DELIGHTED THAT YOU WILL JOIN US FOR DINNER FRIDAY APRIL 11. SUGGEST YOU COME TO MY OFFICE (ROOM E-427, 701 NINETEENTH STREET NORTHWEST) AT FIVE P.M. KINDEST REGARDS.

GENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAIR

DEPT. TREASURER'S

SIGNATURE H. Hittmair
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

CLEARANCES AND COPY DISTRIBUTION:

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(IMPORTANT: See Secretaries Guide for preparing form)

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 27, 1975

Mr. Charles A. Coombs
Senior Vice President
Federal Reserve Bank
of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Coombs:

I am enclosing herewith for your information Document No. SecM75-185 issued in connection with our recent issue of Two Year Bonds of 1975, due March 15, 1977.

Sincerely,

E. Kesterton

for Eugene H. Rotberg
Treasurer

Enclosure

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. Robert McNamara
Mr. I. P. M. Cargill

DATE: March 19, 1975

FROM: Eugene H. Rotberg

SUBJECT: Meeting: OECD - March 12 to 14, 1975

The following summarizes some of the points made at last week's OECD meeting (Committee on Financial Markets) relating to OPEC investments in calendar year 1974. The following table, prepared by the Bank of England, sets forth their best estimate of the deployment of oil-exporters' surpluses in 1974.

Estimated Deployment of Oil Exporters' Surpluses

$ Billions

1974

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
UNITED KINGDOM					
British government stocks	0.4	0.1	0.2	0.2	0.9
Treasury bills	0.4	0.7	0.7	0.9	2.7
Sterling deposits	-0.1	0.7	1.1	-	1.7
Other sterling investments[a]	0.1	0.2	0.3	0.1	0.7
Foreign currency deposits	2.5	4.5	3.4	3.4	13.8
Other foreign currency borrowing	-	0.5	0.3	0.4	1.2
	3.3	6.7	6.0	5.0	21.0
UNITED STATES					
Government and agency securities	0.5	1.4	2.3	1.8	6.0
Bank deposits	0.6	0.8	2.3	0.3	4.0
Other[a]	-	0.1	0.4	0.5	1.0
	1.1	2.3	5.0	2.6	11.0
OTHER COUNTRIES					
Foreign currency deposits	1.5	3.5	1.5	2.5	9.0
Special bilateral facilities and other investments[a] [b]	1.1	2.5	3.0	5.0	11.6
	2.6	6.0	4.5	7.5	20.6
INTERNATIONAL ORGANIZATIONS	-	0.5	0.8	2.3	3.6
Total	7.0	15.5	16.3	17.4	56.2

[a] Includes holdings of equities and property.
[b] Includes loans to less developed countries.

The table has to be examined carefully. It does not purport to further identify "foreign currency deposits." For example, under United Kingdom we may observe a heading "foreign currency deposits - $13.8 billion." The fact is that although these deposits are "in the United Kingdom," i.e. represent deposit liabilities of U.K. banks, we know little about where these deposits were invested or lent. Nor is the answer available since the Euro-Credit loans made to U.K. borrowers, (or any other borrowers) in dollars are not identified by source of underlying deposit. It was estimated that approximately $10 billion of 13.8 billion of "foreign currency deposits" was denominated in dollars and approximately $7 billion of the $9 billion "foreign currency deposits" in Other Countries also was denominated in dollars. In terms of the United States money supply, the level of interest rates in the U.S., or the liquidity of the U.S. banking system, it is irrelevant whether oil exporters' deposits are made in London, Zurich or Frankfurt. All such deposits are immediately redeposited in a New York bank.

The Bank of England estimates that of the $56.2 billion of OPEC surpluses approximately $7 billion equivalent is in Sterling of which $6 billion was invested directly in London in interest bearing obligations. Based on other information, some of which is set forth below, I estimate that $28 billion was invested in short-term dollar deposits in U.S. banks and U.S. Government obligations ($11 billion directly; 10 billion through London banks; $7 billion through banks in other countries); 4-5 billion was invested in short and medium-term bank deposits and government obligations in other currencies (principally Yen, DM, Canadian dollars, Netherlands Guilders). The balance of approximately $16 billion of OPEC investment is accounted for by loans to international institutions (3.6 billion) and bilateral loans to other countries and equity and property investments in several industrial countries (11.6 billion). These resources in turn are deposited in banks, probably in dollars, but appear in national statistics as deposits from "international institutions," or in the case of, say the Saudi bilateral loan to Japan, as a deposit liability of Chase Manhattan Bank to Japan.

The shifts of dollar deposits by quarter during the year were, in part, a result of a "lack of confidence" by OPEC in the London market. This resulted in deposits being made for a time directly in New York rather than in London. The Bank of England also observed that there was a slight shift of Dollar deposits from London to Switzerland in the third quarter of the year. There also was some interest rate arbitrage between Sterling, DM and Yen against U.S. Dollars as the yield on dollars declined vis-a-vis other currencies. This resulted in some shift out of dollars into Sterling, Deutsche Mark, Yen and French Francs. In my view, it accounts for the weakness of the dollar. That should change as recessionary influences begin to affect interest rate levels in Europe and remove current rate differentials.

The Bank of England estimates that about 55% of OPEC deposits were deposited in banks; 20% were invested in government short-term obligations.

The current maturity structure of OPEC Bank deposits in U.K. banks is as follows:

55%	-	Sight to 1 month
67%	-	Sight to 3 months
77%	-	Sight to 6 months
80%	-	Sight to 1 year
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The Bank of England believes that this maturity structure represents a lengthening of deposits by OPEC. Previously, virtually all deposits were less than one month. The positive yield curve for dollar investments apparently has put pressure to lengthen the maturity of deposits.

The Bundesbank representative estimated approximately $1-1/2 billion equivalent of investments from OPEC in Deutsche mark for 1974. Half of these funds were with Banks - the balance in government obligations.

The representative of Canada estimated less than $1 billion of investment in Canadian dollars, also mixed between short-term government paper and bank deposits.

The Japanese estimated investment of approximately $2 billion (including $1 billion lent by Saudi Arabia for five years); a good portion of the balance represents investment in intermediate-term fixed-interest government securities.

The Netherlands observed that approximately 25% of "recently" issued five to seven-year bonds were taken by OPEC. These were denominated in guilders. The aggregate amount of OPEC participation was estimated at less than $200 million. They saw no interest in longer-term bonds, real estate or equity.

The French Government reported some speculative real estate purchases by the Kuwaitis. The French banks received few other investments during the year.

Virtually no country observed any significant interest in the stock market or real estate by OPEC (with the exception of some highly-publicized purchases in Paris) or for intermediate or long-term bonds -- with the exception of Japan.

The Luxembourg representative reported that the participation by OPEC financial institutions in Eurocredit loans to developed and developing countries was quite small. OPEC financial institutions - the Kuwaitis -

accounted at best for 10-15% of the Eurocredit issues in which they participated. Further, it was not certain whether these placements were made in oil exporting countries or were sold to European customers of the Kuwaiti financial institutions.

There was discussion concerning the future of LDC borrowing in the Eurocredit market. The consensus was that with few exceptions most LDCs would not be able to borrow in public markets - certainly not for an intermediate term at a fixed interest rate. A few might borrow at floating rates though there was increasing concern with credit worthiness, particularly in the face of recent rescheduling talk for Indonesia, Zaire, etc. Further, Eurocredit banks are building up their liquidity in the expectation that they will be able to make more profitable loans to the private sector. Finally, they expect to have substantial demands placed upon them directly or indirectly through the recently-negotiated "Kissinger/ Simon Plan."

The recent Bank of England Quarterly Bulletin, which was discussed at the meeting, presents data showing the Eurodollar deposits and borrowings of all countries active in the London Euro-market. While these figures do not describe total indebtedness or foreign exchange reserves, the data show, by month, the dollar obligations and investments of these countries in U.K. banks. An analysis of the monthly figures is revealing in that it shows the liquidity pressures (reduced deposits); increased borrowings, and in the case of OPEC, increased deposits. I have attached some relevant data which you might find interesting.

During the meetings I had occasion to meet with Chuck Cooper and Mike Bradfield, who were negotiating the details of the "safety net" ("Fund") proposal. As you may know, some OECD members will put up hard currency; others prefer only to provide guarantees for borrowings of particular countries. Still others want to have the flexibility of meeting their quota by participating in a pro rata guarantee of a borrowing by the Fund. There is considerable confusion whether the obligations would be denominated in SDRs; who would bear the exchange risk and risk of a default; what standards would be used for lending by the Fund, etc. The U.S. takes the position - I agree with them - that the "Fund" will not find a ready public market should it wish to issue its own obligations. There are limits on the U.S. and German obligation and the whole business seems too complicated for the normal investor. It is my personal view that the operation will function as follows:

The BIS will borrow the money in its name from London banks. These borrowings either will be short - 3 or 6 months at the most, or carry a floating interest rate. The BIS will then lend the money to the "Fund" on approximately the same terms, with perhaps a service charge. The "Fund" then will relend the money to Italy or the U.K. Thus the intermediation of the Fund and the BIS will be used to facilitate a borrowing from commercial banks by countries with deteriorating terms of trade who could not otherwise borrow. The London banks will look to the BIS. The BIS will look to the Fund - virtually the same group as its own membership - and the Fund will look to its strongest members to support it in case of default. I would be surprised if the BIS or the Fund took any transformation risk, i.e. borrow short-term money from the London Eurodollar banks and relend it other than short term or a floating rate. While there are ennumerable other options available, I think, at least in the near term that it is the only workable one. While the proposal is being publicized as a financing done without "OPEC" participation, the fact is that the loans to countries with severe current account deficits will in reality be made from deposits made by OPEC members with London banks.

EHR:ce

cc: Mr. J. Burke Knapp
Mr. E. Stern

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

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EHR:ce

cc: Mr. J. Burke Knapp
Mr. E. Stern

Table 23 *continued*

External liabilities and claims of UK banks in foreign currencies

2 Geographical details *continued*

£ millions

of period	Latin America: Argentina	Bolivia	Brazil	Chile	Colombia	Costa Rica	Ecuador	Mexico	Nicaragua	Peru	Uruguay	Venezuela
. iabilities												
1971	89	3	198	37	27	–	2	169	6	17	22	43
1972	123	2	712	48	48	1	2	327	6	14	21	32
1973	171	4	813	38	66	1	21	401	27	26	22	61
1974 Jan.	159	5	868	30	77	1	32	358	30	17	22	63
Feb.	168	4	797	57	80	1	24	376	32	15	27	70
Mar.	158	4	873	83	76	1	24	364	45	16	25	76
Apr.	161	4	934	50	61	1	18	324	41	16	25	129
May	159	4	894	60	62	1	20	320	30	45	22	106
June	167	2	833	51	52	1	16	351	31	18	22	123
July	178	3	838	36	63	1	13	323	28	25	25	114
Aug.	174	4	801	49	43	1	13	356	27	34	38	118
Sept.	176	4	738	34	35	1	17	238	15	36	35	121
Oct.	181	5	725	35	30	1	9	243	12	24	53	96
Nov.	174	4	662	38	29	1	22	265	6	22	30	250
Dec.	180	4	594	44	36	1	20	319	7	24	28	427
UK claims												
1971	185	1	308	16	22	4	2	300	11	25	8	98
1972	204	5	690	40	26	7	10	429	14	27	7	148
1973	216	11	1,010	44	32	10	15	532	18	89	10	180
1974 Jan.	206	8	1,021	59	26	11	3	555	16	92	4	178
Feb.	201	8	1,031	46	25	10	5	571	17	99	9	170
Mar.	198	7	1,026	37	20	10	10	565	17	108	7	133
Apr.	213	9	1,048	39	24	11	12	554	14	106	4	143
May	226	9	1,067	39	22	11	11	556	13	120	9	128
June	258	9	1,096	42	21	13	11	576	20	123	18	136
July	261	10	1,127	41	21	8	2	597	20	122	4	126
Aug.	263	9	1,173	41	26	11	2	614	18	126	3	122
Sept.	253	5	1,165	39	22	10	1	645	17	140	5	117
Oct.	247	11	1,202	57	34	9	1	659	19	133	4	110
Nov.	240	11	1,234	38	37	7	3	745	20	124	4	96
Dec.	245	12	1,270	35	46	10	2	774	21	139	4	99

End of period	Countries engaged in 'off-shore' banking: Bahamas	Bermuda	Cayman Islands	Hong Kong	Lebanon	Liberia	Netherlands overseas territories	New Hebrides	Panama	Singapore	Caribbean: Barbados	Cuba	Jamaica	Trinidad and Tobago
UK liabilities														
1971	313	212	1	85	166	92	70	–	348	31	3	2	24	9
1972	524	319	27	158	215	120	84	–	403	91	1	8	27	1
1973	893	456	174	560	217	276	96	2	673	347	10	1	28	5
974 Jan.	1,000	487	142	633	260	276	93	–	691	388	4	3	20	9
Feb.	992	512	177	657	307	296	105	4	718	378	8	3	23	7
Mar.	1,099	523	236	687	321	289	108	2	678	463	4	3	30	4
Apr.	1,120	541	253	717	346	311	94	2	741	515	7	4	37	18
May	1,198	596	233	714	355	288	96	3	772	470	4	7	34	29
June	1,100	576	324	727	346	286	96	1	814	516	11	5	50	25
July	1,010	585	269	782	334	395	89	1	771	527	13	17	53	51
Aug.	1,035	590	325	808	305	359	96	–	754	553	5	14	50	52
Sept.	1,134	564	270	844	301	348	88	–	808	499	6	10	41	33
Oct.	1,123	638	252	860	382	283	82	–	766	500	7	17	50	58
Nov.	1,107	728	232	897	567	285	89	1	756	443	8	9	35	51
Dec.	1,127	690	245	957	603	277	113	8	803	480	5	9	25	41
UK claims														
1971	1,103	57	6	24	12	90	230	–	279	167	–	20	51	4
1972	1,888	81	24	113	6	187	259	–	433	392	1	29	110	7
1973	2,994	115	244	435	37	448	271	29	802	664	3	55	39	8
1974 Jan.	3,433	123	254	438	44	449	290	30	848	727	2	50	53	7
Feb.	3,367	110	382	460	30	440	235	29	858	692	9	76	38	7
Mar.	3,982	113	328	483	15	428	238	26	838	685	6	76	31	8
Apr.	3,818	123	400	532	13	476	230	27	889	789	1	74	27	7
May	3,660	140	299	557	12	415	231	28	933	841	–	74	25	8
June	3,437	99	309	606	14	469	187	25	921	873	2	79	22	8
July	3,331	109	353	686	18	518	150	24	930	1,058	1	76	24	7
Aug.	3,766	96	300	748	13	503	181	25	943	1,115	16	76	26	7
Sept.	3,240	94	281	783	20	543	160	27	975	1,169	20	84	22	7
Oct.	3,311	161	295	837	19	505	158	24	1,007	1,173	4	82	24	10
Nov.	2,436	100	311	926	52	523	163	3	1,012	1,293	18	102	31	9
Dec.	3,025	144	406	965	52	565	154	27	1,087	1,237	–	108	26	9

Additional notes follow the tables

Oil exporters	Middle East: Egypt	Sudan	Syria	Africa: Algeria	Gabon	Ivory Coast	Kenya	Nigeria	Zaire	Zambia	End of period
											UK liabilities
842	5	1	–	14	–	–	9	12	4	4	1971
1,582	8	3	1	11	–	1	21	6	2	4	1972
1,730	49	3	13	75	3	5	25	18	3	17	1973
1,987	79	5	13	99	–	8	34	15	4	35	1974 Jan.
2,340	66	2	3	131	–	8	32	7	3	34	Feb.
2,633	66	2	4	171	–	9	40	6	3	40	Mar.
3,284	97	4	4	183	–	8	45	6	2	48	Apr.
3,727	71	9	22	242	–	5	43	6	2	87	May
4,258	65	11	23	277	–	8	42	6	11	73	June
4,718	119	6	22	248	–	7	37	6	7	79	July
5,373	134	7	34	272	–	11	38	7	2	94	Aug.
5,868	173	22	34	310	–	13	40	7	2	75	Sept.
6,459	145	40	31	275	–	14	58	7	3	44	Oct.
6,832	129	11	19	190	–	15	41	7	2	39	Nov.
7,134	101	20	26	215	–	2	44	7	5	33	Dec.
											UK claims
169	4	2	–	9	2	–	4	8	17	1	1971
254	51	11	–	38	1	5	10	4	15	2	1972
353	29	10	–	142	12	9	10	5	44	45	1973
371	35	9	5	148	11	15	10	4	47	46	1974 Jan.
393	40	10	6	177	12	10	10	4	46	49	Feb.
421	59	10	4	167	12	9	10	5	44	46	Mar.
419	60	12	4	168	12	10	10	7	43	45	Apr.
408	65	13	4	155	13	9	10	6	43	46	May
397	58	11	6	167	13	8	9	6	50	50	June
399	82	13	5	166	13	8	9	7	52	48	July
341	92	12	1	148	14	11	9	12	56	58	Aug.
331	100	14	–	166	13	10	9	9	55	47	Sept.
385	91	15	4	153	14	9	10	9	52	45	Oct.
426	101	22	6	145	15	9	10	10	57	54	Nov.
510	119	14	11	179	16	11	13	14	61	51	Dec.

Far East: Burma	India	Indonesia	Korea	Malaysia	Pakistan	Philippines	Sri Lanka	Thailand	Other: Australia	Japan	New Zealand	South Africa	Other[a]	End of period
														UK liabilities
1	3	11	69	44	4	33	–	152	16	284	4	6	721	1971
–	9	63	125	77	31	56	–	169	63	500	25	16	1,258	1972
–	37	96	225	167	83	189	1	253	60	1,234	33	81	2,036	1973
–	29	88	232	191	75	206	1	230	69	1,345	34	88	2,096	1974 Jan.
11	30	88	220	180	83	217	–	254	68	1,352	33	85	2,610	Feb.
1	28	83	179	200	66	212	1	279	67	1,505	33	93	2,444	Mar.
8	57	147	153	206	45	235	–	314	66	1,483	33	72	2,410	Apr.
8	86	173	136	189	42	227	–	317	65	1,550	22	80	2,358	May
19	71	191	132	192	42	198	2	353	60	1,470	15	88	2,167	June
19	67	178	123	193	43	189	–	359	62	1,503	18	75	2,084	July
17	62	194	120	193	39	204	5	395	61	1,465	8	48	1,946	Aug.
9	51	111	115	196	87	191	2	388	27	1,729	9	69	2,018	Sept.
9	66	66	123	199	125	208	3	388	30	1,445	10	74	2,016	Oct.
4	61	50	128	199	107	190	1	396	27	1,373	13	56	2,253	Nov.
7	46	39	91	237	86	184	1	438	50	1,378	15	46	1,422	Dec.
														UK claims
3	4	13	74	10	16	53	7	37	217	1,291	26	167	463	1971
6	11	58	82	36	11	57	7	46	441	1,914	25	301	456	1972
1	40	107	101	56	20	67	5	55	383	3,093	45	259	744	1973
1	13	106	116	50	20	80	8	77	378	3,438	46	271	864	1974 Jan.
12	8	114	113	49	16	78	10	75	360	3,869	53	329	788	Feb.
6	14	124	130	46	24	85	21	74	348	4,530	57	352	985	Mar.
2	15	125	149	49	23	73	17	65	349	4,769	58	324	989	Apr.
2	15	130	150	46	24	84	12	57	385	5,158	60	322	684	May
1	15	139	150	54	21	88	12	48	408	5,385	61	365	647	June
1	15	152	129	53	21	80	5	55	404	5,170	65	376	673	July
2	21	153	132	76	22	83	8	53	408	5,038	75	389	896	Aug.
1	20	149	147	63	24	83	6	52	390	5,562	133	406	1,028	Sept.
2	23	161	162	75	29	84	5	55	403	5,843	123	448	947	Oct.
1	25	166	171	64	35	85	2	58	413	5,624	135	488	1,114	Nov.
1	22	165	165	89	36	110	6	58	420	5,872	172	572	513	Dec.

[a] Includes unallocated items: under liabilities these are largely unallocated dollar certificates of deposit which are thought to be held by residents of overseas countries.

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OUTGOING WIRE

TO: INTERBANK
BASLE

DATE: MARCH 19, 1975

CLASS OF SERVICE: TELEX

X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.: FOR MR. ROGER STEVENSON

DELIGHTED TO SEE YOU ON FRIDAY, APRIL 11, IN THE AFTERNOON. WOULD BE MOST PLEASED IF YOU COULD JOIN ME AND MY WIFE FOR DINNER THAT EVENING. KINDEST REGARDS.

GENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

CLEARANCES AND COPY DISTRIBUTION:

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

Mr. William E. Stevenson
Young Professional Program

I attach hereto a resume I received from Peter E. Robinson, together with a copy of a letter from Professor Coates.

I would appreciate your reviewing this resume and advise Mr. Robinson whether or not he would qualify for the YP Program. Thank you.

Eugene H. Rotberg
Treasurer

3/10/75

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 7, 1975

Mr. Peter E. Robinson
2-C-1 Rolens Drive
Kingston, Rhode Island 02881

Dear Mr. Robinson:

Thank you very much for your letter and resumé. I am enclosing a copy of a letter I sent to Professor Coates and I am sure that our Personnel Department will be in touch with you shortly.

Sincerely,

Eugene H. Rotberg
Treasurer

Enclosure: 1

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 7, 1975

Professor Norman Coates
University of Rhode Island
College of Business Administration
Kingston, Rhode Island 02881

Dear Norman:

Thank you very much for your letter concerning Peter Robinson. I have received his resumé and have transmitted it with my comments to our Personnel Department. I cannot, however, be too optimistic.

Mr. Robinson would fall under our Young Professionals Program. That program is highly selective (we take on about 40 to 50 people a year out of well over 1,000 qualified applications and only a relatively small portion of those are Americans). Nonetheless, I am sure that the Personnel Department will get in touch with Mr. Robinson and ask him to submit a formal application.

Regards to you and your family.

Sincerely,

Gene

Eugene H. Rotberg
Treasurer

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 10, 1975

Dear Rodney:

Thank you for your letter of January 31. I have delayed answering you in the expectation that our guidelines on placing deposits might be revised. Unfortunately, such is not the case. We are only authorized currently to place dollar deposits in the United States. Accordingly, we do not have dollar deposits in London (or elsewhere in Europe) even with branches or wholly-owned subsidiaries of U.S. banks. We are, however, considering a revision of these guidelines with a view to obtaining a broader scope for our investments.

We also are, I am afraid, under restraints with respect to our foreign exchange business. All foreign exchange transactions done by the World Bank for our own behalf, or as agent for others, are done exclusively with Central Banks. I wish there were some concrete business that we could do, either in Sterling or in Dollars, but I'm afraid there is just not much on the horizon in the immediate future.

Please keep in touch. Kindest regards.

Sincerely,

Eugene H. Rotberg
Treasurer

Mr. Rodney Leach
N.M. Rothschild & Sons Limited
P.O. Box No. 185
London EC4P 4DU

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 10, 1975

Mr. Anthony Vice
N.M. Rothschild & Sons Limited
New Court
St. Swithin's Lane
London EC4P 4DU
ENGLAND

Dear Mr. Vice:

I would be delighted to see you in April. Please let me know when you will be in Washington. I look forward to hearing from you.

Sincerely,

Eugene H. Rotberg
Treasurer

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. P. Glaessner, LCPDR

DATE: March 7, 1975

FROM: Eugene H. Rotberg, Treasurer EHR

SUBJECT: Visit by Mr. Robinson (Caribbean Development Bank)

Your memorandum suggests that Mr. Robinson spend all of his time at the Bank in the Treasurer's Department and that his program emphasize "forecasting, internal controls, management reports, and foreign exchange management." Most of these subjects are not covered in this Department.

I would strongly urge that he spend one-third of his time in Programming and Budgeting (forecasting, internal controls); one-third of his time in the Controller's Department (forecasting, internal controls and management reports); and one-third of his time in this Department (foreign exchange management, investments, and bond operations).

EHRotberg:emk

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 · Telephone - EXecutive 3-6360 · Cable Address - INTBAFRAD

March 7, 1975

Mr. Peter Fuller, Manager
Telecommunications Service Department
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Re: Back-up Terminal for Sigma V (RO)

Dear Mr. Fuller:

Referring to today's telephone conversation between Messrs. Cieurzo and Schielke, we request installation of a second receiving terminal (as a back-up on the same circuit as the existing system). We would appreciate an early installation to insure a smooth functioning of our securities transfers.

At this time I also want to express my thanks for the continued cooperation and support that we enjoy on the part of the Federal Reserve Bank in handling our investment transactions.

Sincerely,

Eugene H. Rotberg
Treasurer

cc: Mr. Paul Cieurzo

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 7, 1975

Dear Toshi:

Ben Prins and his wife expect to arrive in Tokyo some time during the day Thursday, April 3. I suspect they will be tired so they probably won't be available to see anything until Friday. They will arrive by a State Department charter flight and will stay at the New Otani. They will depart on Thursday, April 10.

Apart from Tokyo it would be very much appreciated if someone could show them around Kyoto and possibly Nara. Ben and his wife, of course, will pay for their own transportation to and from these cities and for their hotels. I would suggest perhaps that they leave for Kyoto, say, Sunday night and perhaps return on Wednesday to Tokyo.

It was very good seeing you last week. I expect to visit with you soon. Thanks for everything.

Sincerely,

Gene

Gene Rotberg

Mr. Aritoshi Soejima
Director
Tokyo Office

Form No. 27
(3-70)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: INGOTISM

LONDON

DATE: MARCH 7, 1975

CLASS OF SERVICE: TELEX

2211

COUNTRY: ENGLAND

TEXT:
Cable No.:

WE CONFIRM HAVING GIVEN THE FOLLOWING ORDERS TO GRIEVESON, GRANT & CO:

QUOTE PRIMO SELL POUNDS 5,000,000 10-1/2 "A" OF '76 AT 100-20/32

SECUNDO SELL POUNDS 2,000,000 10-1/2 "A" of '76 AT 100-22/32

TERTIO BUY POUNDS 7,000,000 10-1/2'S OF '79 AT 98 1/4 STOP

THIS ORDER IS GOOD TILL CLOSE OF BUSINESS MONDAY, MARCH 10, INCLUSIVE

UNLESS CANCELLED STOP UNQUOTE

PLEASE ARRANGE PAYMENT AND DELIVERY OF ABOVE TRANSACTIONS UPON RECEIPT

OF CONTRACT NOTES FROM GRIEVESON'S TEST 574

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

TREASURER'S

SIGNATURE ______ (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

cc ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair,
Mr. DeBoeck (2), Ms. Johnston
Mr. Schielke, Ms. Hao

3-0701

For Use By Communications Section

Checked for Dispatch:

(3-79)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: GRIEVESON, GRANT & CO.
59 GRESHAM STREET
LONDON EC2

DATE: MARCH 7, 1975

CLASS OF SERVICE: TELEX
2211

COUNTRY: ENGLAND

TEXT:
Cable No.: GG7

ATTENTION JULIAN HEALING

WE CONFIRM OUR TELEPHONE INSTRUCTIONS TO:

PRIMO SELL POUNDS 5,000,000 10-1/2 "A" OF '76 AT 100-20/32

SECUNDO SELL POUNDS 2,000,000 10-1/2 "A" OF '76 AT 100-22/32

TERTIO BUY POUNDS 7,000,000 10-1/2'S OF '79 AT 98 1/4 STOP

THIS ORDER IS GOOD TILL CLOSE OF BUSINESS MONDAY, MARCH 10, INCLUSIVE UNLESS CANCELLED STOP PAYMENT AND DELIVERY OF ABOVE TRANSACTION WILL BE AT THE BANK OF ENGLAND STOP REGARDS SCHIELKE

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE ____________ (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: de

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair,
Mr. DeBoeck, Ms. Johnston
Mr. Schielke, Ms. Hao

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ORIGINAL (File Copy)

IMPORTANT: See Secretaries Guide for preparing form

Checked for Dispatch

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Edward J. Donovan, Administrative Services

DATE: March 7, 1975

FROM: Eugene H. Rotberg, Treasurer EHR

SUBJECT: Typewriter

Ed:

I enclose my request for an IBM Selectric Typewriter for my secretary, Miss Kesterton. As you know, I have two full-time secretaries, who share the rather extensive typing of memoranda, reports, etc. The Royal Typewriter is inadequate and I am afraid does not really produce a high quality job for continual high-speed typing. Further, I have a very real problem because final drafts often require the use of both secretaries. This results in two different forms of type for the same typing job. It would be most appreciated if you could see your way to expediting this requisition.

In order to emphasize the seriousness of the problem, I have taken the liberty of drafting this note to you using the two different typewriters we have available.

Enclosure
EHRotberg:jcv

(4–74)

WORLD BANK GROUP

REQUISITION FOR SUPPLIES, EQUIPMENT AND SERVICES

NOTE: *All requisitions must be* printed *or* typewritten *and submitted in duplicate.*

Prepare separate requisition for each type of service listed below and check he appropriate box.

For use of Office Support Services Div.

☐ STOCKROOM (routine office supplies)

☐ PROCUREMENT DIVISION (purchase of non-stock expendable supplies)

☒ PROPERTY (furniture and equipment - typewriter and furniture repair)

☐ BUILDING OPERATIONS AND SERVICES

☐ TELEPHONES (equipment, installation, changes and relocation)

☐ RESEARCH FILES (books and periodicals, maps, newspaper subscriptions)

DEPARTMENT:	DEPT. NO.:	IBRD / IFC	DIVISION:	DIV. NO.:	DATE WANTED:
Treasurer's	510	IBRD ☒ IFC ☐	Office of Treasurer	05	As soon as possible

STOCK NO.	QUANTITY OF UNITS	UNIT	DESCRIPTION	ACTION TAKEN 1/
	1		IBM Selectric Typewriter, carbon ribbon, element w/ [ ] ° !	
			This machine would be for use by my secretary, Miss Kesterton.	
			Her present machine (Prop. #24000) would be used by my	
			second secretary. Her typewriter (a Royal) is inadequate	
			and, I understand, is not the appropriate machine for	
			continual high-speed typing. It is slow and does not produce	
			high-quality work. Further, inasmuch as I use both	
			secretaries for typing final documents, it is important that	
			the type-set is identical.	

SECRETARIES PLEASE NOTE: *If this requisition is submitted to request routine office supplies from the Stockroom, please indicate the number of people for whom you order supplies.* →

DELIVERY INSTRUCTIONS

TO: Miss Kesterton

ROOM NO.: E 427

EXTENSION: 2213

AUTHORIZED SIGNATURE *(Please print or type name below signature)*

DATE: 1/27/75

SYMBOL MEANING 1/

- S Will be supplied when available.
- C Cancelled for reason shown.
- I Cannot identify; verify nomenclature and resubmit.
- N Requisition submitted to wrong unit. Resubmit requisition to:

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

DATE: March 6, 1975

FROM: Eugene H. Rotberg

SUBJECT: Travel Plans and Annual Leave

My travel plans for the next month are as follows:

March 12, 13, 14:	OECD Meetings (Paris)
March 17:	Hofstra/Cornell University Lecture and Seminar (New York)
March 20:	Institutional Investor Symposium (New York)
March 24-March 28:	Annual Leave (Aspen)

. . .

Messrs. Hittmair, Schielke and Deely all will be available during the month of March.

EHRotberg:emk

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 5, 1975

Miss Heidi S. Fiske
Vice President
Institutional Investor
14th Floor
488 Madison Avenue
New York, N.Y. 10022

Dear Heidi:

With reference to our conversation on the telephone yesterday, I am enclosing for your information a copy of the Special Guest List and the Delegation List issued in connection with our 1974 Annual Meeting. I hope this will be of some help to you.

Best regards.

Sincerely,

Kessie

Edith Kesterton
Secretary to
Mr. Rotberg

Encl: 2

France Cap Markets
Chron

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: PIERRE HAAS
BANQUE DE PARIS ET DES PAYS-BAS
PARIS

DATE: MARCH 4, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (FRANCE)

TEXT:
Cable No.:

THANK YOU FOR YOUR TELEX TO PETER CARGILL AND ME RE PREVAILING MARKET FOR EUROFRANC ISSUES. RECENTLY WE HAVE BORROWED $500 MILLION FOR FIVE AND TEN YEAR MATURITIES AT A TOTAL COST BELOW 8.2% AND ARE THEREFORE RELUCTANT TO SEEK ACCESS TO MARKETS AT CONSIDERABLY HIGHER RATES. ALSO OUR RECENT ~~XXXX~~ OPEC BORROWINGS HAVE BEEN AT 8%. WE BELIEVE THAT ISSUES BY US AT SUBSTANTIALLY HIGHER YIELDS IN EUROPE COULD POSSIBLY MAKE IT DIFFICULT TO CONTINUE PLACEMENTS IN DOLLARS AT LOWER INTEREST RATE LEVELS. WE WOULD PREFER THEREFORE NOT TO FILE FOR EUROFRANC ISSUES. HOWEVER WE WILL CONTINUE TO CAREFULLY WATCH THE MARKET AND LOOK FORWARD TO RECEIVING YOUR MOST VALUABLE ADVICE FROM TIME TO TIME. KINDEST REGARDS.

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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cc: Mr. Cargill

For Use By Communications Section

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Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

March 4, 1975

Dear Sylvan:

Thank you very much for your kind and complimentary letter on my remarks at the University of Pennsylvania Faculty Club. It was most thoughtful of you.

As you may know, over the years I have had occasion to meet several of your colleagues while I was at the Securities and Exchange Commission and as old friends from my Philadelphia days.

Please give my best regards to Mark Kessler, Nate Feinstein and Dick Pearl.

Sincerely,

Eugene H. Rotberg
Treasurer

Sylvan M. Cohen, Esq.
Cohen, Shapiro, Polisher,
Shiekman and Cohen
Philadelphia, Pa. 19107

Chron

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

OUTGOING WIRE

TO: PIERRE HAAS
BANQUE DE PARIS ET DES PAYS-BAS
PARIS

DATE: MARCH 4, 1975

CLASS OF SERVICE: TELEX

X-2213

COUNTRY: (FRANCE)

TEXT:
Cable No.:

THANK YOU FOR YOUR TELEX TO PETER CARGILL AND ME RE PREVAILING MARKET FOR EUROFRANC ISSUES. RECENTLY WE HAVE BORROWED $500 MILLION FOR FIVE AND TEN YEAR MATURITIES AT A TOTAL COST BELOW 8.2% AND ARE THEREFORE RELUCTANT TO SEEK ACCESS TO MARKETS AT CONSIDERABLY HIGHER RATES. ALSO OUR RECENT ~~XXXX~~ OPEC BORROWINGS HAVE BEEN AT 8%. WE BELIEVE THAT ISSUES BY US AT SUBSTANTIALLY HIGHER YIELDS IN EUROPE COULD POSSIBLY MAKE IT DIFFICULT TO CONTINUE PLACEMENTS IN DOLLARS AT LOWER INTEREST RATE LEVELS. WE WOULD PREFER THEREFORE NOT TO FILE FOR EUROFRANC ISSUES. HOWEVER WE WILL CONTINUE TO CAREFULLY WATCH THE MARKET AND LOOK FORWARD TO RECEIVING YOUR MOST VALUABLE ADVICE FROM TIME TO TIME. KINDEST REGARDS.

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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(IMPORTANT—See Secretaries Guide for preparing form)

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cc: Mr. Cargill

For Use By Communications Section

Checked for Dispatch

Chron

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: MARCH 4, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.: FOR MR. SOEJIMA

AAA FOLLOWING MEMORANDUM TRANSMITTED TO MR. HORI:

QUOTE: WE ARE CONSIDERING INVESTING A PORTION OF THE BANK'S AND IDA'S LIQUID YEN FUNDS IN BANK DEBENTURES ISSUED BY THE FOLLOWING JAPANESE BANKS:

(1) THE INDUSTRIAL BANK OF JAPAN

(2) THE LONG-TERM CREDIT BANK OF JAPAN

(3) THE NIPPON FUDOSAN BANK

(4) THE CENTRAL COOPERATIVE BANK FOR AGRICULTURE AND FORESTRY

(5) THE CENTRAL COOPERATIVE BANK FOR COMMERCE AND INDUSTRY

(6) THE BANK OF TOKYO

WE WOULD BE GRATEFUL IF YOU WOULD CONFIRM ON OUR BEHALF, FROM YOUR AUTHORITIES, THAT THESE DEBENTURES RANK EQUALLY WITH, AND ARE NOT SUBORDINATE TO, CLAIMS OF PERSONS OTHER THAN HOLDERS OF DEBENTURES OF THESE BANKS (FOR EXAMPLE, CLAIMS OF DEPOSITORS, CREDITORS, PUBLIC AUTHORITIES, SHAREHOLDERS, AND THE LIKE). PRIOR TO MAKING ANY SUCH

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: MARCH 4, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

FOR MR. SOEJIMA PAGE TWO

INVESTMENTS, WE WOULD, OF COURSE, DISCUSS THE PROPOSED INVESTMENT PROGRAM, INCLUDING SUCH MATTERS AS AMOUNTS, TIMING, METHOD OF PURCHASE, ETC., WITH APPROPRIATE GOVERNMENT AUTHORITIES. UNQUOTE

BBB IF RESPONSE IS AFFIRMATIVE LEGAL DEPARTMENT WILL RECOMMEND THAT WE BE PERMITTED TO PURCHASE DEBENTURES DENOMINATED IN YEN.

CCC BOARD PAPER WILL ALSO RECOMMEND CHANGES IN INVESTMENT AUTHORITY TO PERMIT PURCHASE OF DOLLAR OBLIGATIONS ISSUED BY MEMBER GOVERNMENTS OTHER THAN U.S. OR GUARANTEED BY SUCH OTHER GOVERNMENTS. PAPER SHOULD BE FINISHED WITHIN ONE OR TWO WEEKS.

DDD HITTMAIR PROPOSES TO VISIT JAPAN DURING FIRST WEEK OF APRIL.

EEE WE ALSO PROPOSE THAT MICHAELCHECK VISIT JAPAN FOR UP TO SIX WEEKS TO IMPLEMENT OUR INVESTMENT POLICY.

FFF WILL CABLE SEPARATELY CONCERNING CARGILL'S PROPOSED VISIT.

REGARDS
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

ORIGINAL (File Copy)

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Checked for Dispatch:

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

DATE: March 3, 1975

FROM: Eugene H. Rotberg

SUBJECT: Request by OPEC for Prepayment of loans to the Bank

The question has been raised how we might respond to a request from OPEC for repayment of our obligations prior to final maturity. This question apparently has come up because of a concern by some OPEC members that revenues from sales of crude oil and/or their own absorbtive capacity might place them, at some time in the future, in a position where they needed liquid resources to finance current imports or meet other external obligations. Preliminarily, I would note that World Bank obligations ordinarily should be treated by OPEC as the last instrument to be sold for current account reasons. The fact is that most of their foreign exchange assets are liquid and short term, typically of several months duration; the percentage of "long term" World Bank obligations placed with them is a small percentage of these assets and should not require special provision-providing liquidity prior to maturity. Nonetheless, assuming the problem becomes a real one, there are five readily available ways (with accompanying variations) by which the Bank could theoretically provide liquidity should it be insisted upon:

(1) A right in the lender to "trigger" prepayment if either its foreign exchange reserve position or its foreign assets fell below (a) a designated gross figure, or (b) a designated ratio to "current"imports.

(2) All borrowings from OPEC would be "short term" with an agreement to refinance at either (a) the same interest rate or (b) a renegotiated interest rate at prevailing market yields - with an understanding that refinancing would be automatic for say 10-15 years if the lenders' foreign exchange reserves or gross foreign assets, as defined, had not deteriorated from some designated level, or as compared to some specific designated standard, e.g. against six months imports.

(3) Issuance of bearer bonds, either at the time of the initial placement or upon request of the lender thereafter, which could be resold in the United States.

(4) Provision for amortization of bonds, rather than a single final maturity payment.

(5) Provision for substitution of long term notes with shorter term obligations - with corresponding lengthening of remaining balance of outstanding notes.

I would urge that we reject the first two alternatives; the third, fourth and fifth suggestions are workable and have been used before.

The first suggestion is similar to the Trinidad formula to which the Board raised strong objection. Whatever might have been the merits of their position in that case, the Board believed that a prepayment right in the lender, prior to maturity, which is linked to either the lender's foreign exchange reserve position or even its gross foreign assets is an unwise precedent which could require us, in time to offer it on less attractive terms to other potential lenders. The point was also made that our financial statements would show a contingent liability which could be material if it were adopted as a precedent for large OPEC borrowings. It would therefore diminish the significance and value of our own liquidity position.

The second alternative, i.e. borrowing short, suffers from similar criticism. Further, during a period where our gross borrowings are likely to be 50% from OPEC in the next several years we cannot borrow short to finance long term loans at fixed interest rates. Short term interest rates fluctuate significantly and quickly; the Bank could readily find itself having to compete with high cost Eurodollar rates in attracting funds from OPEC for short term refinancing.

The third, fourth and fifth alternatives are attractive ones and have been used in the past. For example, we offered Nigeria the right to ask for bearer bonds at any time after one year. This could permit them to convert an essentially illiquid obligation into cash should they need the resources. Similarly, we structured the borrowing arrangements from Venezuela in a way wherein we agreed to issue bearer bonds denominated in dollars and to use our best efforts to assist them in the resale of those bonds should it be necessary, in the United States. In these cases the lender assumes the risk that interest rates might be higher than the rate on the original obligation. Under such circumstances the bonds would have to be sold at discount from par. But this is a rather limited risk to which they would be exposed only, we assume, after having liquidated other short term assets. We should also be careful to limit the amount of bearer bonds issued so as not to saturate the market, or in any event to time the resale so as not to interfere with our own market operations.

We have also provided for a stream of principal repayments commencing at the end of, say the fifth year so that the lender receives, in addition to its interest payments, a reduction of principal over a 10 year period thereby increasing its cash flow. The Nigerians found this attractive: our only concern should be that the average life remains over 10 years. Because of our substantial liquidity position we could agree to partial repayment of principal after the first year - assuming that the final payment of a series of twenty equal payments would occur say, some 20 years later. Finally we have also provided, in the case of Venezuela, for a substitution of notes which permitted the lender to pre-mature a designated percentage of the notes should they need the resources, if simultaneously they extended the life of the remaining notes so as to produce no change in the average life of the obligations outstanding. This provides for an increased cash flow to the lender during an emergency without affecting our liability structure.

EHRotberg:mb

Record Removal Notice

File Title	Barcode No.
Eugene H. Rotberg - Chronological Records - Volume 14 - December 1974 - March 1975	1858117

Document Date	Document Type
March 3, 1975	Memorandum

Correspondents / Participants
To: Mr. Taro Hori, Executive Director, Japan
From: Eugene H. Rotberg

Subject / Title
Japanese Bank Debentures

Exception(s)

Additional Comments
Declassification review of this record may be initiated upon request.

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

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K. Brenner-Delp	June 25, 2025

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I.P.M. Cargill

DATE: February 28, 1975

FROM: Eugene H. Rotberg EHR

SUBJECT: March 1975 Central Bank Issue

Subscriptions totalling \$253.4 million were received. The over-subscription of \$13.4 million was allocated by reducing pro-rata the subscriptions of \$10 million or more by approximately 8%.

Market Conditions During Subscription Period (February 20-27)

Several hours after the offering cables were sent, the secondary market yield on the new two year U.S. Government note issue increased to 6.20% in response to overbidding in the auction. Within a day or two thereafter these notes were quoted at between 6.30% and 6.35%. The announcement on Monday, February 24, of substantial U.S. Treasury financing for April and May contributed to price declines. The failure of the Urban Development Corporation of New York to meet its obligations also contributed to market weakness - which was reflected in a widening spread between U.S. Agency securities and U.S. Treasury obligations. As a result, the Central Banks, to the extent that they were price-conscious, were comparing a World Bank issue to yield perhaps 10 basis points higher than a U.S. Government issue and 30 basis points below a two year U.S. Agency.

The dollar continued weak in the foreign exchange markets as a result of (a) interest differential between currencies and (b) expected publication of data showing further deterioration of U.S. terms of trade as compared to Germany and Japan.

On the plus side, the yield curve remained positive. Central Banks were able to invest their resources in three-month Treasury Bills during the week at only 5.70%; the rate on three-month Certificates of Deposit with Commercial Banks stabilized at about 6.25%. In prior periods, Central Banks were able to invest their foreign exchange reserves in short-term obligations at yields considerably higher than the yield on our Two Year Central Bank issue. The effect of a positive yield curve, of course, is to force investors to go longer in order to increase current income.

Subscriptions

The attached Table I shows the subscriptions totalling \$253.4 million for this issue. Thirty-nine Central Banks rolled over maturing obligations; 13 increased their subscriptions and 6 reduced their subscriptions from the amount maturing. Subscriptions to our 9% September issue aggregated \$294.5 million. At that time thirty Central Banks rolled over maturing obligations; 24 increased their subscriptions and 6 reduced their subscriptions from the then maturing issue. See Table II. I attribute the difference in response between the two issues to the current weakness of the dollar and the relatively low interest rate - particularly in comparison to the September issue.

The major increases on this issue, over the amounts maturing, were: Belgium \$10 million increase to \$25 million; Iran \$9 million increase to \$15 million; Nigeria \$28 million increase to \$30 million.

The Belgian subscription was particularly helpful. This is the second consecutive time that they have increased their subscription to \$25 million. It may reflect a policy to hold as much as \$100 million of our Central Bank issues. The subscription of \$30 million by Nigeria, an increase of \$28 million over the maturing issue, in effect guaranteed the success of the issue. Indonesia subscribed for \$5 million. This is the first subscription we have ever received from them. The BIS also increased their subscription from \$0.7 million to \$2.0 million. Their cable arrived immediately after the pricing, and I suspect reflects a sophisticated judgment, at the time, favoring a 6.40% yield to the just-published auction yield of 6.09% on the two year U.S. Government note.

On the other hand, Canada only rolled over their \$12-1/2 million. In the recent past they have subscribed for \$15 million when interest rates were higher. Saudi Arabia only rolled over \$20 million although they had given us a \$50 million subscription on the occasion of our 9% Central Bank issue. Germany's offer of a standby of \$20 million should we need it reflected, I think, a rather neutral, perhaps cool, attitude towards the issue. In the recent past they have made outright subscriptions. In view of the over-subscription we did not need to utilize the standby.

Six countries, though subscribing, reduced their subscriptions from the amount held in the maturing issue by \$28.1 million. Another ten countries did not subscribe (of which six did not respond to our cables) although they held in aggregate \$18.7 million of the maturing issue. The major reductions were by Norway - \$4 million reduction to \$5 million; Australia - \$5 million reduction to \$5 million; and the U.K. - \$15 million reduction to \$5 million. Australia also had reduced by approximately 50% its subscription to our 9% issue.

Apart from Iran, there were no increases in subscriptions from oil producers in the Middle East and Africa. Most were disappointing. The amounts maturing and subscribed are set forth on the following page.

(Millions of Dollars)

Country	Subscribed	Maturing
Abu Dhabi	0.5	0.5
Iran	15.0	6.0
Kuwait	1.0	1.0
Oman	1.0	1.0
Qatar	0.1	0.1
Saudi Arabia	20.0	20.0
Iraq	--	--
Algeria	--	2.0
Libya	10.0	10.0

Attachments: 2

EHRotberg:emk

Table I

Comparison of Subscriptions for IBRD's Two Year Bonds of March 1973 to March 1975

Roll Overs of Maturing 1973 Issue		Increase in Subscription Over March 1973			Decrease in Subscription Over March 1973			Holders of Maturing Issue Not Subscribing	
Country	Subscription	Country	Subscription	Increase	Country	Subscription	Decrease	Country	Amount Maturing
Abu Dhabi	0.5	Belgium	25.0	10.0	Australia	5.0	5.0	Algeria	2.0
Argentina	5.0	Bolivia	1.0	0.5	Austria	1.4	1.1	Colombia	1.0
Bangladesh	1.0	Ecuador 1/	2.0	2.0	Finland	3.0	2.0	Yemen, People's Democratic Republic of	3.0
Brazil	14.0	Ghana	0.4	0.1	Malaysia	1.0	1.0		
Canada	12.5	Guatemala 1/	0.25	0.25	Norway	5.0	4.0		
China	2.0	Iran	15.0	9.0	United Kingdom	5.0	15.0	Singapore	2.0
Cyprus	1.5	Jamaica 1/	1.0	1.0				Guyana	0.5
Denmark	2.0	Malawi 1/	0.25	0.25				Iceland	2.0
El Salvador	0.2	Netherlands	4.0	1.0				Mauritius	0.2
Ethiopia	2.0	Nigeria	30.0	28.0				Nepal	1.0
France	3.0	Philippines	2.0	1.8				Tanzania	3.0
Greece	1.0	B.I.S.	2.0	1.3				Zambia	4.0
India	2.5	Indonesia	5.0	5.0					
Ireland	1.0								
Israel	2.0								
Italy	10.0								
Japan	5.0								
[illegible]dan	2.0								
[illegible]ya	2.0								
Korea	1.0								
Kuwait	1.0								
Libya	10.0								
Mexico	10.0								
New Zealand	3.0								
Oman	1.0								
Qatar	0.1								
Saudi Arabia	20.0								
South Africa	1.0								
[illegible]in	2.0								
Sudan	0.1								
Thailand	10.0								
Trinidad & Tobago	0.25								
Uganda	1.0								
Venezuela	10.0								
Viet-Nam	1.0								
Yugoslavia	3.0								
Moroco	0.2								
[illegible]duras	0.25								
[illegible]u	1.0								

1/ Subscribers did not hold anything of the maturing issue.

Table II

Comparison of Subscriptions for IBRD's Two-Year Bonds of September 1972 to September 1974

Roll Overs of Maturing 1972 Issue

Country	Subscription
Abu Dhabi	1.0
Austria	4.1
Bangladesh	2.0
Canada	12.5
China	1.0
Denmark	2.0
Ecuador	1.0
France	2.0
Ghana	0.1
Greece	1.0
Guatemala	0.25
Honduras	0.5
India	2.4
Ireland	2.0
Italy	8.1
Ivory Coast	0.7
Japan	4.1
Jordan	2.0
Kenya	2.0
Korea	1.0
Morocco	0.2
Nicaragua	1.0
Qatar	0.1
South Africa	1.0
Spain	4.9
Trinidad & Tobago	0.2
Venezuela	2.0
Viet-Nam	1.0
B.I.S.	2.0
U.N.D.P.	1.0

Increase in Subscription Over September 1972

Country	Subscription	Increase
Argentina 1/	5.0	5.0
Bahrain	3.0	2.0
Belgium	25.0	13.0
Bolivia	1.0	0.5
Brazil	10.0	0.3
Dominican Republic 1/	0.5	0.5
El Salvador 1/	0.2	0.2
Ethiopia	2.5	0.1
Finland	5.0	0.2
Germany	20.0	4.0
Guyana	0.75	0.5
Iran	25.0	18.5
Libya	10.0	1.9
Malawi	2.0	1.75
Malaysia	5.0	4.0
Netherlands	4.0	0.8
Nigeria	20.0	11.9
Norway	10.0	1.9
Oman	2.0	1.0
Peru	2.0	1.0
Philippines 1/	0.5	0.5
Saudi Arabia	50.0	41.9
Singapore 1/	2.0	2.0
Yugoslavia	5.0	3.0

Decrease in Subscription Over September 1972

Country	Subscription	Decrease
Australia	3.0	3.5
Colombia	3.0	0.2
Israel	2.0	0.4
Kuwait	3.0	0.5
Mexico	5.0	3.1
Thailand	5.0	3.1

Holders of Maturity Issue Not Subscribing

Country	Amount Maturing
Cyprus	0.5
Iceland	2.4
New Zealand	2.4
Portugal	1.0
United Kingdom	4.9

1/ Subscribers did not hold anything of the maturing issue.

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 27, 1975

Mr. Kjell Brändström
Executive Vice President
Svenska Handelsbanken
Box 163 41
103 26 Stockholm, Sweden

Dear Kjell:

Thank you very much for your letter of February 3, with which you enclosed your quarterly review titled "Current Business in Sweden". This information will prove most interesting and I look forward to receiving future editions.

Kindest regards.

Sincerely,

Eugene H. Rotberg
Treasurer

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.

February 27, 1975

Dear Jim:

It was most kind of you to write. Thank you very much for your suggestion. Let me thank you again for the very lovely lunch and the delightful company. It was most thoughtful of you.

Kindest regards.

Sincerely,

Gene Rotberg

Mr. James J. Thackara
140 Grace Church Street
Rye, New York 10580

EHR v

Chron.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 27, 1975

Dear Alan:

Congratulations on your new ~~affiliation~~. I should say "sole proprietorship". Please let me know what you, Joyce and the children are doing. Everything is reasonably in order here in Washington though I do too much travelling. We need a vacation. The children are fine. Please give my love to Joyce and your children.

Kindest regards.

Sincerely,

Gene Rotberg

Alan R. Gordon, Esq.
1900 Avenue of the Stars
Suite 1080
Los Angeles, California 90067

Record Removal Notice

The World Bank Group
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& Records Management

File Title	Barcode No.
Eugene H. Rotberg - Chronological Records - Volume 14 - December 1974 - March 1975	1858117

Document Date	Document Type
25 February, 1975	Memorandum

Correspondents / Participants
To:Paul B. English, Conroller's Department
From: Eugene H. Rotberg

Subject / Title
Advance for W.M. Van Saagsvelt

Exception(s)
Personal Information

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Tarsica Morgan-Taylor	October 19, 2023

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 25, 1975

General Management
Arab Bank Limited
Head Office
Post Office Box 68
Amman, Jordan

Gentlemen:

Thank you very much for sending the replacement copy of the Arab Bank's 1975 Engagement Calendar, which has been received in this office.

We are grateful for your kindness in sending along so expeditiously the replacement copy, which Mr. Rotberg is enjoying on a daily basis.

Sincerely,

(Mrs.) Jean Cochran Vance

Secretary to Mr. Rotberg

JCV:hs

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 25, 1975

A. W. Clausen, President
and Chairman of the Board
Bank of America NTSA
San Francisco, California 94120

Dear Tom:

I am enclosing The World Bank economic reports for Brazil, Thailand and Mexico in accordance with my discussion with you and your colleagues. As you may observe, these reports are confidential and should be used with great discretion and maintained within your organization. We have made these reports available only to financial institutions which have participated either themselves or through their affiliates in World Bank loans to these countries.

I have also enclosed a recent document (which is public information) setting forth the external debt of less developed countries. I hope the materials are of use to you and your colleagues and look forward to seeing you soon.

Please keep in touch.

Kindest regards,

Gene

Eugene H. Rotberg
Treasurer

EHR:jcv
Enclosures

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 21, 1975

Dr. Bernard L. Martin
Dean
Canisius College
Buffalo, New York 14208

Dear Dean Martin:

Pursuant to our telephone conversation, I am attaching hereto a photograph and brief resume which you might wish to use in connection with my forthcoming appearance.

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

Enclosures

Chron

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

Mr. Burmester

Sven:

Per our discussion:

For Mr. McNamara's briefing book on his forthcoming trip.

Gene Rotberg
Feb. 19, 1975

U.S. TREASURY AND AGENCY YIELDS

January 1974 to February 1975

First Week of	TREASURIES Maturities 5 Years	7 Years	10 Years	20 Years
January 1974	6.77	6.71	6.82	7.32
February	6.82	6.81	6.93	7.38
March	6.90	6.89	6.88	7.49
April	7.78	7.56	7.28	7.88
May	8.11	7.90	7.41	8.04
June	7.95	7.85	7.41	8.01
July	8.29	8.15	7.60	8.13
August	8.55	8.43	7.70	8.32
September	8.50	8.46	7.96	8.50
October	8.09	7.95	7.69	8.47
November	7.77	7.67	7.33	7.88
December	7.46	7.56	7.16	7.73
January 1975	7.21	7.19	7.01	7.78
February	6.88	7.07	6.91	7.55

First Week of	AGENCIES Maturities 5 Years	7 Years	10 Years	20 Years
January 1974	7.03	7.14	7.29	7.72
February	7.12	7.22	7.32	7.81
March	7.10	7.20	7.29	7.87
April	8.05	8.12	8.09	8.35
May	8.23	8.20	8.26	8.40
June	8.31	8.29	8.28	8.38
July	8.78	8.77	8.66	8.70
August	9.00	8.98	8.88	8.85
September	9.30	9.27	9.14	9.02
October	8.65	8.68	8.64	8.95
November	8.15	8.17	8.15	8.37
December	7.85	8.00	8.00	8.35
January 1975	7.70	7.75	7.80	8.30
February	7.10	7.30	7.35	7.90

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 18, 1975

Dear Bill:

This will supplement my letter to you of February 14 concerning research on investment opportunities in Belgium, Denmark, Germany and The Netherlands.

The object would be to identify investment opportunities open to IBRD and IDA in obligations, government-guaranteed obligations and bank deposits. For each market we need the following information: available maturities, annual volume, maximum and typical volume of transactions which could be done in one day, determination of the market makers, spread between bid and asked; size of commissions; present yield curve for maturities up to five years and any general restrictions.

I would prefer that, in preparing your analysis, you keep in touch with private, rather than official channels.

Best regards,

Gene

Gene

Mr. W.M. van Saagsvelt
Europalaan 33
Oisterwyk
The Netherlands

Chron.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 14, 1975

Dear Bill:

I have been away in Japan for some time and have recently returned. I am sorry I haven't written before and I wish you and your family the best of health. I hope you are keeping busy and are leading a good life.

We are now in the process of preparing a short job for you to work on. Because interest rates have declined in the United States our liquid resources, denominated in dollars, are being invested in instruments with rather low yields. We are, therefore, most interested in placing some DM in either commercial banks or in government obligations of up to five-year maturity in Germany or perhaps in Guilder government obligations. I doubt very much whether Central Banks, however, would like us at this point to put our money in the banking system because it might be inconsistent with their tight monetary policies. However, there are some opportunities for the purchase of government bonds. What we need, therefore, is a study of the availability of government securities, volume in the secondary market, current yields, kind of obligations available, etc.

I will try to get you off a more detailed letter next week.

Best regards,

Gene

Gene

Mr. W.M. van Saagsvelt
Europalaan 33, Oisterwyk
The Netherlands

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 11, 1975

Mr. Charles A. Coombs
Senior Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Coombs:

I am enclosing herewith for your information the following documents which have been approved by our Board of Executive Directors:

(1) R75-23 issued in connection with our borrowing from the Deutsche Bundesbank; and

(2) R75-28 issued in connection with our Two Year Bond issue of 1975, due March 15, 1977.

Sincerely,

Eugene H. Rotberg
Treasurer

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of Japan,
Limited
Marunouchi, Tokyo
Japan

Dear Mr. Suzuki:

Thank you for your letter of January 28, in which you enclosed IBJ's latest Bond Market Report.

I appreciate your thoughtfulness in continuing to send me these reports, and do indeed find them quite interesting.

With kind regards, I remain

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Dear Jay:

Just a note to thank you for the reports which you have been sending and to tell you how much I enjoy reading them. I find the information most valuable.

Best wishes for a good New Year. Keep in touch.

Sincerely,

Gene

Eugene H. Rotberg
Treasurer

Mr. S. Jay Levy
Box 26
Chappaqua, New York 10514

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Mr. Lewis Carroll
Vice President and General Counsel
Washington Gas Light Company
1100 H Street, N.W.
Washington, D.C. 20005

Dear Mr. Carroll:

I was delighted to receive the notice of your recent appointment as Vice President and General Counsel of the Washington Gas Light Company. Please accept my warmest congratulations and best wishes for your future success.

I look forward to meeting with you again now that you are settled in Washington.

Sincerely,

Eugene H. Rotberg
Treasurer

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Mr. Douglas A. Smith
Vice President
Industrial National Bank
111 Westminster Street
Providence, Rhode Island 02903

Dear Mr. Smith:

I must apologize for not writing to you before this to thank you for the very useful diary which you sent me and which I received prior to my leaving for a business trip to Japan. It was most kind and thoughtful of you to remember me.

Best regards.

Sincerely,

Eugene H. Rotberg
Treasurer

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Mr. Ashok Thadani
Head
International Relations Dept.
International Savings
Banks Institute
Geneva, Switzerland

Dear Mr. Thadani:

Thank you for your letter of January 6 inviting me to participate in your next world congress to be held in Bogota, Colombia, from September 1 to 4, 1975. Unfortunately, I must decline your invitation as the Annual Meeting of the World Bank Group will take place in Washington during those dates.

I appreciate your inviting me and look forward to being with you at another time. I hope that your meeting will be a great success.

Sincerely,

Eugene H. Rotberg
Treasurer

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Dear Moshe:

I have just returned from a trip to Japan and want to apologize for not writing before this to thank you for the very interesting book on "Coins of the Land of Israel." It was most kind of you to send me this book and I appreciate your thoughtfulness in remembering me.

Please keep in touch and give me a call when you next come to Washington.

Sincerely,

Eugene H. Rotberg
Treasurer

Mr. Moshe Meirav
Manager
Bank of Israel
Jerusalem, Israel

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

February 10, 1975

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of Japan,
Limited
Marunouchi, Tokyo
Japan

Dear Mr. Suzuki:

Thank you for your letter of January 28, in which you enclosed IBJ's latest Bond Market Report.

I appreciate your thoughtfulness in continuing to send me these reports, and do indeed find them quite interesting.

With kind regards, I remain

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

bcc: Dr. Park

Chron

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

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: JANUARY 30, 1975

CLASS OF SERVICE: TELEX

COUNTRY:

TEXT:
Cable No.: FOR MR. SAKAI

REURTELEX TODAY ROTBERG NOW ENROUTE TO JAPAN AND SCHEDULED TO ARRIVE TOKYO SATURDAY FEBRUARY 1 AT 1740 ON PANAMERICAN ~~XXX~~ FLIGHT 831 REGARDS

KESTERTON
SECRETARY TO MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAIR

DEPT. TREASURER'S

SIGNATURE [signature]
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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The World Bank Group Archives & Records Management

File Title	Barcode No.
Eugene H. Rotberg - Chronological Records - Volume 14 - December 1974 - March 1975	1858117

Document Date	Document Type
29 January, 1975	Letter

Correspondents / Participants
To:The Chalet Club
From: Eugene H. Rotberg

Subject / Title
Ski charter to Aspen

Exception(s)
Personal Information

Financial Information iv

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

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Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 29, 1975

Mr. Claudio Segre
President
Compagnie Europeenne de Placements
47, Faubourg St-Honore
75008 Paris, France

Dear Claudio:

It was very good hearing from you. I have reproduced the first three chapters of a book "Inside the Yield Book" by Homer and Leibowitz of Salomon Brothers. I think it is an extraordinary work and I have taken the liberty of requesting that you be sent a copy directly from them. In the meantime you might like to read the xerox pages of the first three chapters. The book in later chapters goes into even more detail about the complex relationships between yields, coupons and maturities. The first three chapters, however, lay the fundamental groundwork.

One of the basic principles is fairly straightforward. The principle is simply that for long-term bonds most of the total cash flow to the investor is attributed to the reinvestment rate on the interest paid on the bond. Therefore, the projected reinvestment rate of the coupons is exceedingly important in determining the "value" of the bonds. Thus, for example, given two bonds -- one with a 4% coupon and one with a 10% coupon -- with the same maturity, both yielding 8% in the market, such yield would be realized if, and only if, the reinvestment of coupons during the life of the bonds were in fact reinvested at 8%. If one expected lower interest rates then the investor should minimize his cash flow prior to maturity so as to have less cash to invest during a period of declining yields. Conversely, if one expected interest rates to rise, investors should maximize their cash flow and hold the higher coupon.

Table 18 is an interesting table. It shows, for example, that if yields were to decline, say from 9.48 to 7.11, after the purchase of a bond, the price of a bond with a 15-year maturity with a 4% coupon would rise by 26.49%, while the price of a bond with a 9% coupon with the same maturity would only rise by 21.89%. The reason, again, is that the lower-coupon bonds are more valuable because, during a period of declining interest rates, there is less cash flow to reinvest. There are, of course, tax implications and Homer and Leibowitz have written about this also.

We are seriously considering doing something about our French franc bonds but no decisions have been made as yet. I just am not sure about the fairest and most appropriate way to take market actions, if any, to purchase back these bonds.

Best personal regards.

Sincerely,

Gene

Eugene H. Rotberg
Treasurer

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 28, 1975

General Management
Arab Bank Limited
Post Office Box 68
Amman, Jordan

Gentlemen:

Thank you for the lovely 1975 calendar just received in this office addressed to the Bank's Treasurer, Mr. Eugene H. Rotberg. Unfortunately, it was damaged in the mails and I am certain he would be most grateful for a replacement copy.

With best personal regards,

Sincerely,

(Mrs.) Jean Vance
Secretary to Mr. Rotberg

JCV:hs

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Mohamed Nassim Kochman

DATE: January 27, 1975

FROM: Eugene H. Rotberg

SUBJECT:

The following is an estimate of the amounts which we require in the years FY76, 77, 78 and 79 from the countries you are visiting:

	1976	1977	1978	1979
Kuwait	$ 300,000,000	$ 300,000,000	$ 400,000,000	$ 500,000,000
Libya	300,000,000	400,000,000	400,000,000	500,000,000
Saudi Arabia	1,000,000,000	1,000,000,000	1,500,000,000	1,500,000,000
United Arab Emirates	200,000,000	200,000,000	400,000,000	400,000,000
Total	$1,800,000,000	$1,900,000,000	$2,700,000,000	$2,900,000,000

The borrowing should all be in dollars. Average life of the borrowing should be ten years or more. We are prepared to execute loan agreements or provide for the issuance of bearer or registered bonds. I have enclosed for your information some documentation for your consideration. Interest rates should be set at market rate for dollar obligations of similar maturity in U.S., or rate on loans to IMF Oil facility, whichever is lower.

The figures, of course, are tentative only and they account for less than 50% of our gross borrowing requirements for this period. They do not include subscriptions to our Central Bank issue which are covered in a separate memorandum and which should be looked upon by OPEC as alternative investments of their short-term liquid assets.

Enclosure

EHRotberg:jcv:emk

Chron

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
DATE: January 27, 1975

FROM: Eugene H. Rotberg

SUBJECT: Late Payments due December 16, 1974

616 VE -	Saudi Arabian Riyals	- equivalent -	$ 3,200.00
	Kuwaiti Dinars	- equivalent -	$23,580.00
629 VE -	Libyan Dinars	- equivalent -	$40,780.00

We took the following action on the above late payments:

(1) Requested Region to cable the borrower advising them of late payment on December 19, January 3, January 13 and January 16.

(2) Cashier's Division (Treasurer's Department) cabled our depositories as follows:

Saudi Arabia: January 2, January 16, January 27. On January 19 we received a reply "item not received."

Libya: December 16, January 16, January 17. January 22 - reply received "item not in." January 26 - cable received advising item "in as of December 22."

(3) Cashier's Division (Treasurer's Department) telephoned Irving Trust Company, New York, paying agent of the borrower, on:

January 14, January 16, January 17.

(4) I personally spoke to representatives of the Venezuela Central Bank twice. I told them that the payments had not come in to our account from either Saudi Arabia, Libya or Kuwait. They explained that they had made the equivalent dollar payment to Irving Trust for the Riyals and the Libyan Dinars but that Irving Trust was unable to get satisfaction in purchasing the currencies on Venezuela's behalf from Saudi Arabia or Libya. Venezuela had neglected to make the equivalent dollar payment to Irving Trust with respect to the purchase of Kuwaiti Dinars. I told the Venezuelan Central Bank official to please pay us in dollars, that we would take the responsibility for purchasing the payments which were now a month overdue. Mr. Guerrera said he could not do that - that he was not authorized to make a "double payment."

In order not to embarrass Venezuela but, at the same time, to meet my obligation to report the overdue payments and not make a special exception for Venezuela, I arranged that the Board be advised of the overdue payment but with a note that the borrower's banking agent had difficulties in obtaining the required currencies. 1/

In this particular case, the circulation to the Board must have had some effect. We were able to complete purchase of Kuwaiti dinars on January 27. Libya confirmed this morning, January 27, that Libyan dinars were credited to our account. We have yet to hear from Saudi Arabia. We are again cabling Saudi Arabia.

1/ We constantly are advised by borrowers that they have paid or that payment is "in process" or that there are "technical difficulties." Mr. Gabriel and I have advised borrowers that we are prepared to purchase the currencies for them; most have either said "no" or have not replied to our offer. The fact is that the Central Banks in the Mid-East are disorganized and the New York commercial banks, which act as agents for borrowers in purchasing local currencies, are unwilling or unable for obvious reasons to put pressure on Mid-East Central Banks to meet their foreign currency obligations. There is no way that a clerk at the Irving Trust Company is authorized to complain to the Central Bank of Saudi Arabia for a failure to make a Riyal payment equivalent to $3,000; borrowers apparently don't like what they think is paternalism in offering to assist them in what should be a very normal foreign exchange transaction.

EHRotberg:emk

CORPORATION

Chron

OUTGOING WIRE

TO: NOTENBANK
FRANKFURT

DATE: JANUARY 23, 1975

CLASS OF SERVICE: TELEX

COUNTRY: GERMANY

TEXT:
Cable No.:

ATTENTION: DR. TUENGELER

RE PROPOSED ROLLOVER OF MATURING NOTES ON FEBRUARY 1, 1975 STOP THIS IS TO CONFIRM THAT ROLLOVER IS NOW SCHEDULED FOR CONSIDERATION BY EXECUTIVE DIRECTORS ON JANUARY 28 STOP IF CONVENIENT TO YOU I WOULD LIKE TO CALL YOU TOMORROW 4 P.M. FRANKFURT TIME TO DISCUSS ANY TECHNICAL ASPECTS THAT WOULD FACILITATE THE TRANSACTION STOP BEST REGARDS TEST 392

HITTMAIR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H.C. Hittmair

DEPT. Treasurer's

SIGNATURE H. Hittmair

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: HCHittmair:mb ext. 2228

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(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:
Messrs. Rotberg, de Boeck, Deely

For Use By Communications Section

Checked for Dispatch:

(3/73)
INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: MEESBANK
AMSTERDAM

DATE: JANUARY 27, 1975

CLASS OF SERVICE: TELEX
Ext. 2211

COUNTRY: NETHERLANDS

TEXT:
Cable No.:

ATTENTION P. W. VAN KOOTEN

FOR JANUARY 31 PLEASE QUOTE INTEREST RATES FOR GUILDERS 4,500,000

~~XXXXXX~~ MATURITIES ONE, THREE, SIX AND TWELVE MONTHS STOP TEST 1178

WINKELMAN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME ~~EUGENE H. ROTBERG~~, TREASURER

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: mw;ce

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair
Mr. DeBoeck (2), Ms. Johnston
Mr. Schielke, Ms. Hao

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(9-70)

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

OUTGOING WIRE

TO: ALGEMENE BANK NEDERLAND
AMSTERDAM

DATE: JANUARY 27, 1975

CLASS OF SERVICE: TELEX

Ext. 2211

COUNTRY: NETHERLANDS

TEXT:
Cable No.:

986 FOR JANUARY 31, PLEASE QUOTE INTEREST RATES FOR GUILDERS 4,500,000 MATURITIES ONE, THREE, SIX AND TWELVE MONTHS STOP

WINKELMAN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME ~~EUGENE H. ROTBERG, TREASURER~~

TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: MW:OE

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair, Mr. DeBoeck (2), Ms. Johnston, Mr. Schielke, Ms. Hao

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Checked for Dispatch

FORM

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OUTGOING WIRE

TO: AMROBANK
AMSTERDAM

DATE: JANUARY 27, 1975

CLASS OF SERVICE: TELEX
Ext. 2211

COUNTRY: NETHERLANDS

TEXT:
Cable No.:

ATTENTION MR. BAARSPUL
FOR JANUARY 31, PLEASE QUOTE INTEREST RATES FOR GUILDERS 4,500,000
MATURITIES ONE, THREE, SIX AND TWELVE MONTHS STOP TEST 1150

WINKELMAN

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: MW:CE

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair,
Mr. DeBoeck (2), Ms. Johnston
Mr. Schielke, Ms. Hao

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(3-70)

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

OUTGOING WIRE

TO: INDUSTRIAL BANK OF JAPAN TRUST CORP
ONE WALL STREET
NEW YORK, NEW YORK 10005

DATE: JANUARY 22, 1975

CLASS OF SERVICE: TELEX
Ext. 2211

COUNTRY:

TEXT:
Cable No.:

ATTENTION JOHN PAVLOSKI

VALUE JANUARY 22, 1975, PLEASE DELIVER TO THE FEDRESERVE NEWYORK ATTENTION RECEIVING SECTION, SIXTH FLOOR, AGAINST PAYMENT, $1,000,000 FACE VALUE NEGOTIABLE BEARER CERTIFICATES OF DEPOSIT IN ONE PIECE DATED JANUARY 22, 1975 TO MATURE JULY 21, 1975 AT 7.85 PERCENT PER ANNUM STOP PLEASE CONFIRM WHEN TRANSACTION COMPLETED STOP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME HUGO SCHIELKE, CHIEF, INVESTMENTS DIV.

DEPT. TREASURER'S

SIGNATURE ____________
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: ce

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rotberg, Mr. Hittmair,
Mr. DeBoeck, Ms. Johnston,
Mr. Schielke, Ms. Hao

For Use By Communications Section

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I. P. M. Cargill

DATE: January 20, 1975

FROM: Eugene H. Rotberg EHR

SUBJECT: Liquidity Policy

Questions will be raised tomorrow concerning the level of our liquidity for the period FY75-FY79. The following argument and data might be useful:

1. Our liquidity is designed to protect us against shortfalls in our cash flow. The principal items of our cash flow, apart from borrowings, are (a) loan repayments, (b) net income and (c) disbursements. These can be defined as "operational items," i.e., financial flows which, for the most part, are fixed contractual obligations and not susceptible to significant managerial influence. They tend to be fairly stable and, within limits, are reasonably predictable over a five-year period. There is a negative cash flow for the five-year period FY75/79 from these and a few other small items of $10 billion. This assumes that we borrow $5.9 billion necessary to refinance all debt obligations maturing in that period in order to prevent an even greater negative cash flow.

2. Under the forecasts in the financial policy paper, if we were to borrow <u>net</u> $13 billion in FY75/FY79 over and above the amount necessary to refinance maturing obligations our funded debt would increase from $9.6 billion at the end of FY74 to $22.6 billion by the end of FY79. Our liquidity position however at the end of the period will increase only by $3 billion. The fact of that $10 billion shortfall, which can only be met by uncertain borrowing operations, is the fundamental reason for holding substantial liquidity.

3. The undisbursed commitments by the end of FY79 will be $19 billion. The negative cash flow after FY79 will be even greater than for FY75-79, as the disbursements accelerate more rapidly than the incoming loans repayments. I estimate a negative cash flow of $3.8 billion for 1980 -- even assuming we borrow sufficient to refinance all maturing debt in that year. Otherwise, the negative cash flow would be about $5.0 billion.

. . .

Conclusion:

Any forgoing of borrowings at rates below 9% now, and in the reasonably near future, is unwise. The Bank's main problem will be in coping with a substantial negative cash flow from its operations which cannot be positively effected during a five-year period other than by borrowing. The marginal cost of carrying "excess" liquidity is virtually nil, and even if it were substantial in a given year, it is a premium which should be paid if the Bank wishes to continue functioning as a development agency and be perceived as a prudent financial institution. There is a greater risk that we will run out of new resources faster than we will run out of profits and earning power. If we were to apply the same "contingency analysis" tests on our future borrowing program as we did on our net income, our liquidity position would not, to say the least, be deemed excessive.

EHRotberg:jcv

Chron

January 15, 1975

Date of Agreement in principle:	June 13, 1974
Place:	Washington, D.C.
Present:	Messrs. Rotberg, Kreiger for the Bank, and Messrs. Hurtado, Perez Guerrero, Pimentel and Manduca for Venezuela.

* * *

Confirmation of general terms and conditions, including interest rates:	July 15/19
Place:	Caracas, Venezuela
Present for the Bank:	Mr. Hittmair.

* * *

Signing:	August 14, 1974
Place:	Caracas, Venezuela.

OFFICE MEMORANDUM

Chron

TO: Files

DATE: June 13, 1974

FROM: Eugene H. Rotberg EHR

SUBJECT: Proposed World Bank Borrowings from Venezuela

Present for the Bank:

Messrs. Rotberg
Krieger
Hittmair
Gonzalez-Cofiño

Present for Venezuela:

Messrs. Héctor Hurtado, Minister of Finance
Manuel Pérez Guerrero, Minister for International Economic Affairs

Guillermo Pimentel) Special Advisers
César Manduca) to Mr. Hurtado

Roberto Guarnieri, new Executive Director for Venezuela in IBRD

. . .

This memorandum will summarize the discussion and general understanding reached relating to proposed World Bank borrowings from Venezuela.

Amount

The total amount contracted to be borrowed would be $500 million equivalent. For working purposes it was understood that the agreements would be executed prior to the end of calendar year 1974. The first hundred million dollars would be lent on the basis of a loan agreement, a note or a bond issue for $100 million, denominated in dollars.

With respect to the remaining $400 million, several possible options were discussed which the Venezuelan authorities would wish to consider, all of which would be agreeable to the World Bank. First, and most preferable for the World Bank, would be an operation denominated and paid in U.S. dollars. Second, an issue denominated in SDR's in accordance with the weightings agreed upon for the new IMF oil facility. The settlement and repayment currency would be in dollars, although of course the amount of dollars repayable as principal and interest would be based on the SDR value of the dollar on the payment dates. Third, the Bank would be prepared to borrow the $400 million in a ratio of 90%-95% dollars to 5%-10% Bolivares. This last alternative could take the form either of an indexed obligation settled in dollars but indexed for the payment of interest and principal to the aforesaid ratio including Bolivares, or could take the form of a borrowing of $360 million denominated and paid in dollars and $40 million equivalent denominated and paid in Bolivares.

Maturity

It was understood that the average life for the borrowings would be approximately 12 years. The precise schedule of amortization would be agreed upon after a determination were made by Venezuela whether it wished to have equal amortization of principal or a larger "balloon" payment at the final maturity. The Bank is very flexible on this point.

Interest Rate

It was understood that the Bank would be prepared to pay an interest rate of 8% payable semi-annually which rate was reached after considering current U.S. Government obligation yields (currently below 8%) and our recent four borrowing operations from OPEC countries all of which were at 8%.

Settlement Dates

The Bank was prepared to accept settlement in tranches if so desired by Venezuela so as to conform with Venezuelan inflows of resources. In principle it was understood that the funds would be available before the end of calendar year 1974. The first hundred million dollars would be drawn down in the relatively near future (after July 1, 1974) after the form of the borrowing operation was agreed upon.

. . .

The Bank will make available copies of our loan agreements in Oman, Iran, Abu Dhabi and Germany as examples of recent operations, and would also prepare draft documents for forthcoming operations. After the Venezuelan authorities have had a chance to review the documentation, we would, of course, send our staff to Venezuela to explain and discuss any technical points remaining.

cc and cleared with Mr. Krieger

Chron
(Bundesbank)

YIELDS OF U.S. AGENCIES AND
U.S. GOVERNMENT BONDS OF 10-YEAR MATURITY FOR 1974

	Agencies	Governments
Janaury	7.28	6.80
February	7.32	6.93
March	7.29	6.88
April	7.98	7.10
May	8.22	7.44
June	8.28	7.41
July	8.66	7.60
August	8.88	7.70
September	9.14	7.96
October	8.64	7.69
November	8.30	7.33
December	8.00	7.16
1975		
January	7.80	7.01

Source: Salomon Brothers

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill

DATE: January 15, 1975

FROM: Eugene H. Rotberg, Treasurer

SUBJECT: Bundesbank Rollover

This memorandum is addressed to two questions.

(1) What is the marginal cost of refinancing the borrowing, i.e., the cost of not reducing our present liquidity level through repayment to the Bundesbank?

(2) What have been the financial implications over the long term of our relationships with the Bundesbank?

* * *

Question 1: What is the marginal cost of carrying the liquidity?

For purposes of this calculation the yield of a 4-1/2 year obligation denominated in U.S. dollars and held to maturity is compared with the 8-1/2% cost of refinancing the Bundesbank Notes for a comparable period. Earnings forgone through reduction in our portfolio are thus measured against the actual cost of the rollover. The cost of a U.S. obligation with a 4-1/2 year maturity would at present be 7-1/2% and the notional cost of carrying the liquidity, i.e., not liquidating our portfolio to extinguish the debt, would therefore amount to 1% equivalent to DM 3 million or, at current exchange rates, approximately $1,250,000 a year. This calculation, however, does not take into account the fact that we do not have German Mark accumulated for the repayment for reasons set forth below and would therefore have to convert from other currencies, presumably dollars, and thereby assume an exchange risk -- which even if hedged would be costly.

In quantifying the notional carrying cost of liquidity, there are other financial implications of the alternative of repaying the debt which are relevant. If the Bank were to adopt a policy of repaying all or part of its debt to the Bundesbank it would have to hold a substantial block of German Government Treasury Bills constantly in its portfolio in order to avoid the risk inherent in the conversion of other currencies at the time of repayment. These DM would be recalled from our borrowers and maintained as part of our liquidity as compared to the dollars currently recalled and held. Interest rates on these Bills have remained unchanged for the last five years at 4-5/8%.[1] These investments are currently (and have consistently been) 300 basis points below the yield on U.S. dollar investments. Holding DM 250-300 million during any given year against the contingency of having to repay the Bundesbank (as compared to holding dollar investments) would therefore "cost" the Bank between $3.2 and $3.8 million a year.

Question 2: What have been the financial implications over the long term of our relationships with the Bundesbank?

Our borrowings from the Bundesbank commenced in 1958. They increased rapidly through 1961 and have been maintained at that level. Currently, DM 2,401.8 (approximately $1.0 billion, equivalent) is outstanding. In the last five years we have refinanced maturing obligations so that they would mature in approximately 4-1/4 years. The Bundesbank has refinanced outstanding obligations irrespective of its foreign exchange position or its projected terms of trade. They have offered to accept interest rates between the rate on U.S. Government obligations and German Government obligations of similar maturity. This has been consistently to their disadvantage compared to their and our cost of borrowing in the German market. Further, they have in effect provided us with long-term money at rates for intermediate-term bonds -- an operation that compares with the Bank's Two Year bond issues (for which the Bundesbank has also provided most valuable standby agreements and substantial subscriptions). The average interest rate on all then outstanding borrowings with the Bundesbank at six different dates is set forth in the attachment along with the contemporaneous cost to the Bank[2] in the U.S. five-year and 25-year market for those years.

EHRotberg:HCHittmair:jcv
Attachment

1/ The Bill rate appears low but is in fact concessionary because nonresidents are not allowed under existing German rules to invest in instruments maturing in less than 4 years.

2/ Cost to the Bank is calculated by taking average monthly yield for five and twenty-five year bonds plus commissions during year in question.

Average Rate on outstanding Bundesbank Notes		Notional cost of Bank borrowings in U.S. market[1/] 5-year maturity	25-year maturity
February 1970	6.245%	8.23	8.94
February 1971	6.911%	6.73	7.85
February 1972	7.182%	6.59	7.56
February 1973	7.451%	7.48	7.85
February 1974	7.849%	8.56	9.22
February 1975	7.949%		

1/ Cost to the Bank is calculated by taking average monthly yield for five and twenty-five year bonds plus commissions during year in question.

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 10, 1975

Mr. Horace B. McLean
Coordinator of Resort Facilities
Seabrook Island Club
P.O. Box 157
Charleston, S.C. 29402

Dear Mr. McLean:

This refers to your letter of January 8, 1975 re Mr. Claude M. Isbister who has applied for membership in Seabrook Island Club.

Mr. Isbister currently is a Canadian citizen and acts as Executive Director in the World Bank representing the Governments of Canada, Bahamas, Barbados, Guyana, Ireland and Jamaica. I have known him for several years and he is a man of the highest integrity and character. His representation of Governments has been conducted with great wisdom and expertise. Incidentally, both he and his wife are most personable and are most charming people. I am sure that both would be most welcome additions to the Seabrook Island Club.

Sincerely,

Eugene H. Rotberg
Treasurer

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 9, 1975

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of Japan, Ltd.
Marunouchi, Tokyo, Japan

Dear Mr. Suzuki:

Thank you very much for your letter of December 20 enclosing IBJ's latest Bond Market Report. I appreciate your thoughtfulness in sending me these reports and continue to find them quite interesting.

Best regards for the New Year.

Sincerely,

Eugene H. Rotberg
Treasurer

Chron

[illegible] 1980 01

INCOMING TELEX

Distribution: Mr. McNamara
Mr. Hoffman
Mr. Rotberg
Mr. [illegible]
Mr. Alter
Mr. Fernandez

Hans

[illegible]
(BANCO CENTRAL)
SANTO DOMINGO RD 2 ENERO 1979

ROBERT S. MCNAMARA

PRESIDENTE

BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO

WASHINGTON DC

Mr Rotberg
What is this?
[illegible]

EN RELACION COMUNICACION DE FECHA 23 DE DICIEMBRE COMPLACENOS SOLICITARLE POR ESTA MISMA VIA NOMBRE Y FECHA DE LLEGADA DE REPRESENTANTE DE ESA INSTITUCION A SEMINARIO DE MERCADOS DE CAPITAL QUE SE INICIA PROXIMO 8 DE ENERO EN SANTO DOMINGO. PASO [illegible] QUE CUALQUIER [illegible] ESTAREMOS A LA MEJOR DISPOSICION DE [illegible]. CORDIALES SALUDOS.

(Invitation to seminar on capital markets starting Jan. 8.)

DR. [illegible] H. FERNANDEZ

GOBERNADOR BANCO CENTRAL

Escobar replied ("regrets"). Invitation for seminar came too late, was delayed in mail. This is follow up cable.

[illegible] 1980 01

BANCO [illegible] .....

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Dr. Yoon Park
Mr. William Michaelcheck

DATE: January 8, 1974

FROM: Eugene H. Rotberg

SUBJECT:

I have been asked to testify as an "expert witness" on capital markets in a public interest law suit. It would be most appreciated if you could provide me with the following information:

1) What was the prime rate by month for calendar year, by month, for 1970 and 1971?

2) What was the long-term corporate bond (new issue - low quality), by month, for 1970 and 1971?

3) For the same period, what were the prevailing inflation rates (CPI).

4) What generally was the tone of the capital market and the attitude of banks during this two-year period toward lending to low quality issuers, i.e., were there creditworthiness scares, etc.?

EHRotberg:jcv

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 7, 1975

Mr. Ze'ev Sher
Economic Minister
Embassy of Israel
850 3rd Avenue
New York, N.Y. 10022

Dear Mr. Sher:

I would like to express my appreciation to you and your colleagues for sending me the beautiful book on Israel and its people.

Please give my best regards to Moishe Meirav when you next see him. Let me thank you again for your kindness and please accept my best wishes to you and your colleagues for a peaceful and satisfying New Year.

Kindest regards,

Eugene H. Rotberg
Treasurer

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 7, 1975

Mr. Renato Guadagnini
Manager
Banca Nazionale del Lavoro
25 West 51st Street
New York, N.Y. 10019

Dear Mr. Guadagnini:

As in past years, I have once again received from you a magnificent Art book. The one which you sent me this year on "Tuscany" is absolutely beautiful and I look forward to spending many happy hours leisurely scanning through it. I can assure you that it will be added to my treasured collection.

Let me again thank you for your kindness and please accept my best wishes to you and your colleagues for a happy, peaceful and satisfying New Year.

Kindest regards,

Eugene H. Rotberg
Treasurer

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: January 6, 1974

FROM: Eugene H. Rotberg EHR

SUBJECT: Standard & Poor Review of World Bank

Attached is the latest Standard & Poor writeup on the World Bank. The thrust of the report is quite different than previous reports. It contains information and analyses not previously mentioned in reviews of our financial policies. It reflects accurately, for better or worse, the extensive discussions we have had with them in the last month or so.

On a related matter, I would like to talk to you when you have some time about the standing of the Bank in the eyes of potential investors in the future and how they are likely to react over time to various developments in the Bank. Fundamentally, the Bank's strength lies in its ability to generate substantial new resources at reasonable cost, and the correlative strength not to use that capacity for a prolonged time if it were financially imprudent to do so. No other institution -- even governments -- has that dual capacity. It is that aspect which the sophisticated investor looks to and our policies will be evaluated in the context of our being able to maintain that advantage.

Attachment

EHRotberg:jcv

cc: Mr. Cargill

NATIONAL DETROIT CORPORATION

Commercial Paper Rated "A-1"

National Detroit Corporation is a bank holding company, whose principal asset is the common stock of National Bank of Detroit. The holding company also owns NBD Mortgage Company, which will use the proceeds from the sale of commercial paper to make and warehouse construction loans. Although NBD Mortgage is a relatively new entity, the bank has had considerable experience in the mortgage lending area and a very fin.. loss record.

At mid-year 1974, the bank was the largest in the state of Michigan and ranked 18th nationally in terms of deposits. A general banking and trust business is conducted through more than 100 offices in a three county area in southeastern Michigan. In addition to commercial loans, the bank does a substantial portion of its business in mortgage and consumer loans, made possible by a large base of savings deposits attracted through its extensive branch network. Mortgages accounted for 28% of total average loans outstanding in 1973. International banking activities are conducted through full-service branches in London, Tokyo and Frankfurt. In addition, a 24% interest is held in Western American Bank, a London-based merchant bank.

Total interest income for the first nine months of 1974 rose 43% from that of the corresponding year-earlier period, reflecting a 23% advance in loans outstanding and higher interest rates. The cost of funds advanced more rapidly, paring the gain in net interest income to 13%. After other income and expenses and taxes, net operating earnings were up 11%.

Relative to the rest of the banking industry, the company has a fairly strong capital structure. National Detroit has not added on assets at as rapid a pace as most of the bank holding companies have in recent years, yet earnings have increased at an annual compound rate of approximately 9% over the past decade. The bank also has an enviable record of loan losses and a more than adequate reserve for possible losses. *These factors, plus a fine management team and the fact that any paper outstanding will be adequately backed by bank lines of credit, are among the reasons we have rated the commercial paper of National Detroit Corporation "A-1."*

THE WORLD BANK

In view of the World Bank's current offering of notes in the U.S. market after several years' absence, we feel that a review of its operations and policies is timely.

The International Bank for Reconstruction and Development (World Bank) was organized in 1945 as an international institution owned on a subscription basis by its members, all of which are governments, for the purpose of serving as a conduit for development funds from the industrialized countries to the lesser developed and undeveloped countries. The Bank functions as a lender of last resort, lending for specific high priority productive projects aimed at fostering economic growth in its less developed member countries. Loans are made only to member governments or with a member government guarantee, and the Bank only makes a loan after thoroughly assessing the economic, financial, technical and managerial viability of a proposed project. To protect against misuse, loan funds are dispensed only as needed to meet expenses for a project, instead of in a lump sum, and the Bank checks the specifications of goods supplied and supervises the tender and award process for contracts. Within the Bank's scope, in addition to direct lending, are lending to development finance companies which match the Bank's lending criteria and the promotion of private foreign investment by guarantees of or participations in loans. The Bank is insulated against currency fluctuations by its policy of designating all loans in dollars and requiring that interest and principal be paid in dollar-equivalent amounts of currencies at the time of payment.

The Bank's capital resources include uncalled subscriptions, paid-in subscriptions and reserves. A member country (they currently number 125) is required to pay in 10% of its subscription, part in gold and U.S. dollars and part in its own currency (the former may be used for lending by the bank without restrictions, the latter only with approval of the member). At September 30, 1974, total subscriptions amounted to $30.8 billion and the paid-in portion equalled $3.1 billion. The remaining 90% of subscriptions is callable only for the purpose of meeting the Bank's obligations created by borrowings or guaranteeing loans. At September 30, uncalled subscriptions of $27.7 billion were 2.9 times outstanding borrowings. The uncalled subscription of the U.S., which subscribes to 23% of the Bank's capital, was $7.0 billion, or roughly 72% of the Bank's total outstanding borrowings, and the uncalled subscriptions of the countries previously comprising the Group of Ten (U.S., U.K., Germany, France, Japan, Canada, Italy, the Netherlands, Belgium, and Sweden) were about 1.8 times outstanding borrowings. The Bank's reserves represent its accumulated profits after grants to its affiliate, the International Development Association. Total paid-in capital plus reserves of the Bank amounted to approximately $4.9 billion, for a ratio of outstanding borrowings to total paid-in capital and reserves of 2 to 1.

The Bank borrows both publicly and privately worldwide to obtain lendable funds. Its U.S. marketed issues are given our top credit rating, and, outside the U.S., its securities market at yields competitive with government or government-guaranteed obligations. The Bank raised $1.9 billion in fiscal 1974 (ended June 30), of which approximately 12% was publicly offered and 80% privately placed with Central Banks and Governments. Total outstanding borrowings at fiscal yearend were $9.7 billion, of which approximately 20% was held by Central Banks in about 70 countries.

It is the policy of the bank to maintain a portfolio of liquid assets from which to meet its commitments on loans and to ensure availability of funds at reasonable cost. This portfolio, consisting of demand and time deposits and liquid investments in the form of obligations of member governments or their instrumentalities, totaled $4.4 billion at September 30, or 20% of total assets of $22.2 billion. The balance of assets consisted of the Bank's $16.8 billion loan portfolio (75%) and $1.1 billion other assets (5%). The liquid asset portfolio equaled approximately 45% of outstanding borrowings.

The Bank has always operated at a profit, as is its policy. Basically, this is possible because of the Bank's high level of interest free funds relative to borrowings. Thus the average cost to the Bank of all its funds, including borrowings, paid-in capital and retained earnings can be, and is, maintained at a lower level than its average return on loans and investments.

The primary strengths of the Bank, then, are the structure of its subscription base, including the relatively large participation by the U.S. and the large portion of subscriptions which must remain uncalled except to meet the Bank's obligations, its careful selection and supervision of projects for which it lends, its protection from currency fluctuations, its ready access to capital markets worldwide and its history (and policy) of operating at a profit, largely because the interest-free component of its funds enables it to keep its total cost of funds at a lower level than its income from loans and investments.

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 6, 1975

The Viscountess Jean Le Maignan
de Kerangat
30, rue Spontini
75116 Paris, France

Dear Nadine:

I have just received the announcement of your marriage on November 22. Needless to say, I was most delighted to hear the wonderful news. I offer to you and your husband my warmest congratulations and wish you health and great happiness. It was most kind and thoughtful of your parents to send me the announcement and please express my best wishes to them and, of course, to your brother, André.

I look forward to seeing you and your husband on a visit to Paris.

Kindest regards,

Gene

Gene Rotberg

Chron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.

January 6, 1975

Dr. E. B. Shils
Chairman
Department of Management
The Wharton School
University of Pennsylvania
Philadelphia, Pa. 19174

Dear Ed:

Thank you for your letter of December 23. I look forward to the seminar and the dinner on Thursday, February 20. I would suggest as a topic for the students "Recent Developments in International Finance" or "Developing Countries: The Current Financial Environment." (It doesn't matter which title you use - my remarks will cover the same subject). I would suggest, for the businessmen, either of those two titles or "The Petro-dollar: Problems, Facts and Fantasy".

It will be most kind if you invite my parents to the seminar and dinner. I am sure that they would be most appreciative. I look forward to seeing you soon.

Best regards,

Gene

Gene Rotberg

INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I.P.M. Cargill

DATE: January 3, 1975

FROM: Eugene H. Rotberg

SUBJECT: Statement of Portfolio Yields: November 30, 1974

Attached is the statement of portfolio yields for the period ending November 30. As I indicated in the last report, the book yields will decline as we renew short-term investments at lower yields. We have attempted to offset this somewhat by recalling Yen, Deutsche mark and French francs from our borrowers and investing these currencies in Japan, Germany and France in three to five-year bonds at between 9-1/2% and 10-1/2%. This will increase the amount of our holdings in these currencies; we will disburse dollars. Our investment opportunities, however, are limited since the markets in these countries are quite thin and it is difficult to make substantial investments.

The yields on five-year Agencies in the U.S. have declined from a high of 9.80% to 7.50% in three months. Since we made substantial purchases of high-yielding U.S. agencies, the value of our portfolio has improved by over $100 million in the last several months. The rate of return for the last five months is about 14%. We are reluctant to make any further commitments of intermediate-term bonds at yields of 7-1/2%; such purchases involve a substantial risk as compared to the projected rate of return on shorter-term investments.

We believe that we should stay relatively short now -- in six-month to one-year Certificates of Deposits or one-year U.S. Treasury Bills. If the short-term market continues to improve, the total rate of return over time for these instruments should be as good as a five-year bond. We believe that the shorter rates will decline more (in rate of return terms) than the longer-term obligations. The latter are more subject to continuing inflationary pressures. We prefer, therefore, to "go out" of the market and reduce risk by maintaining a relatively "short" portfolio in the U.S.

The choice of which short-term instruments to purchase poses some difficulties. The interest rate on Certificates of Deposit is 200 basis points higher than U.S. Government obligations with similar maturity. However, we are at a self-imposed ceiling with respect to the best banks (1% of their total deposits) and we are reluctant to place substantial sums in second-tier banks, i.e., out of the top 10. Further, with respect to all banks, there is a credit risk. It is difficult for us to evaluate the financial strength of the banks in which we place deposits. We currently are considering spending up to perhaps $10,000 a year for an advisory service which provides continual reports on the financial condition of U.S. banks. This, of course, is not an answer. There is little doubt that the interest rate differential between three-month commercial bank deposits and three-month Treasury Bills is, to some extent, a creditworthiness evaluation.

A substantial portion of the resources from our recent borrowings were invested prior to the receipt of funds at yields ranging from 9.20% for five months to 8.25% for one year. As noted above, our investment policy will reduce the average life of our portfolio as the proceeds from our U.S. and Saudi Arabian operations temporarily are being invested in short-term markets.

As a by-product of recent financial decisions (primarily the liquidation of 3-5 year investments), we have taken increasing capital gains into FY75 income. I would very much like to talk to both of you about this aspect of our portfolio cash management. As you know, we do not manage our portfolios to affect current income. However, when we decide to sell a particular security because of its anticipated future performance in the market -- there often is a choice whether to sell an instrument which has a book gain or a book loss. It is quite irrelevant which security we choose to sell. The decision to sell is made on the current and projected market yield -- not the historical book yield. We project FY75 investment income in the December 1c Report and in the FY75-79 Financial Policy Paper of $373 million; this understated projected income at the time by about $6-8 million. It was understated not only in the interest of making a "conservative" projection -- but also because it provided for the contingency that over the next seven months we would take, from time to time, capital losses as part of the ordinary management of our portfolio. However, since the preparation of the December 1c Report, we have taken about $12 million in capital gains. Therefore, our FY75 net income may be understated by as much as $20 million. The investment income, and therefore the net income, could be greater or less depending on which securities we choose to sell in the next several months in the process of shortening the life of our portfolio.

Attachment

EHRotberg:jcv:emk

Chron

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

Mr. Tims

Wouter:

Thank you for the draft letter. I would suggest, since the matter relates to a subject within your expertise, that you or one of your colleagues sign the letter.

Unfortunately, my remarks were made at an informal symposium without any prepared text. There was only a brief reference to the $9.60 price, which I attributed to Hollis Chenery's forthcoming article. As I indicated, the concern of the oil companies is the use which is being made of our published data by various national authorities. I think your letter will help clarify that situation.

Gene

Gene Rotberg
December 24, 1974

Chron

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

OUTGOING WIRE

TO: MR. TADASHI SASAKI
C/O BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

IT IS WITH REGRET THAT I TAKE NOTICE OF YOUR RESIGNATION AS GOVERNOR OF THE BANK OF JAPAN AT THE EXPIRATION OF YOUR TERM OF OFFICE. YOU HAVE INDEED BEEN A SOURCE OF GREAT SUPPORT AND ASSISTANCE TO THE WORLD BANK AND YOUR WISE COUNSEL AND ADVICE HAS BEEN MUCH APPRECIATED. MAY I WISH YOU A HAPPY AND PRODUCTIVE FUTURE LIFE AND I HOPE THAT I CAN CALL UPON YOU AGAIN FOR THE WISE COUNSEL YOU HAVE ALWAYS GIVEN TO THIS INSTITUTION.

KINDEST REGARDS.

ROBERT S. McNAMARA
PRESIDENT
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc to:

Mr. McNamara

For Use By Communications Section

Checked for Dispatch

Chron

Form No. 27
(3-70)

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

OUTGOING WIRE

TO: MR. TEIICHIRO MORINAGA
GOVERNOR
BANK OF JAPAN
TOKYO

DATE: DECEMBER 18, 1974

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

IT IS WITH PLEASURE THAT I HAVE LEARNED OF YOUR APPOINTMENT AS GOVERNOR OF THE BANK OF JAPAN. I LOOK FORWARD TO RENEWING YOUR ACQUAINTANCE AND CONGRATULATE YOU ON YOUR ASCENDENCY TO THIS MOST IMPORTANT POST. PLEASE ALSO EXPRESS ON BEHALF OF MY COLLEAGUES AND ASSOCIATES MY WARMEST CONGRATULATIONS TO MR. MAYEKAWA. I LOOK FORWARD TO MEETING WITH YOU SOON. KINDEST REGARDS.

EUGENE H. ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

PT. TREASURER'S

SIGNATURE ____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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