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Dates: 04/01/1975 - 06/30/1975

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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Eugene H. Rotberg chronological files
Vol. 15. April-June 1975

The World Bank Group
Archives



1858118

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological file Volume 15

The World Bank Group
Archives



1858118

R2004-194 Other #: 3

215304B

Eugene H. Rotberg - Chronological Records - Volume 15 - April - June 1975

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



June 30, 1975

Dear Toshi:

Let me take this opportunity to express to you on this last day of your service with the Bank my appreciation for all you have done for this institution. Our relationships with the Government of Japan have been significantly enhanced by your judgment and abilities. As you know, were it not for the substantial financial assistance made available by Japan in the early part of this decade, it would have been quite difficult for the Bank to proceed with its expanded lending program.

From a personal point of view, I of course shall miss you but look forward to visiting with you in an "official capacity" when I next visit Japan.

Best personal regards.

Sincerely,


Eugene H. Rotberg

Mr. Aritoshi Soejima
Director
Tokyo Office
Tokyo 100, Japan

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Edith M. Kesterton *Emk.*
SUBJECT: Future Travel - Treasurer's Department

DATE: June 30, 1975

Mr. Rotberg

Mr. Rotberg will be in New York on Tuesday, July 8.

He will be in Europe July 9 through 12 and will return to the Bank on July 14. During this period he will visit Paris, London and Brussels.

He will be on Annual Leave July 25 through August 10 and will return to the Bank on August 11.

Mr. Hittmair

Mr. Hittmair is presently on Home Leave and will return to the Bank on July 22.

EMK/



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



June 30, 1975

Dear Toshi:

Re your note concerning Mr. Sakai,
be assured we are in agreement concerning
his qualifications and I will write a strong
recommendation about him and the quality of
his work.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Rotberg".

Eugene H. Rotberg

Mr. Aritoshi Soejima
Director
Tokyo Office
Tokyo 100, Japan



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



June 30, 1975

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Best personal regards.

Sincerely,


Eugene H. Rotberg

Mr. Aritoshi Soejima
Director
Tokyo Office
Tokyo 100, Japan

OFFICE MEMORANDUM

TO: Mr. Purviz N. Damry

FROM: Eugene H. Rotberg *ER*

SUBJECT: Additions to the Annual Meeting "Special Guest List"

DATE: June 27, 1975

Two requests have been received for additions to the guest list which, in my opinion, should be approved. They are:

(1) Morgan et Cie., Paris

This is an affiliate of Morgan Stanley & Co., managing underwriters of the Bank's U.S. issues, and of Morgan Guaranty Trust Co., New York, a leading international commercial bank. Morgan et Cie. is very active in financing and investment operations in Europe, the Middle East and Asia. In view of the heavy schedule of international borrowings that lie ahead for the World Bank in the next several years, I recommend that John W. Hyland, Jr., of Morgan et Cie., be included on the Special Guest List. You might note that Minos Zambonakis, Managing Director, First Boston (Europe) Limited, a wholly-owned affiliate of The First Boston Corporation, New York, also a managing underwriter in the U.S., was on last year's list and is also included on the current list.

(2) Kurt H. Grunebaum
c/o New York Hanseatic Division
Stuart Brothers
55 Broad Street
New York, N.Y. 10004

Mr. Grunebaum, formerly President of New York Hanseatic Corporation recently merged with Stuart Brothers, has been invited and attended World Bank Annual Meetings for twenty years. He has been dropped from this year's list though Stuart Brothers remains an underwriter of our issues. This morning, Allan Holmes, Executive Vice-President, Federal Reserve Bank of New York, who handles the operations of the "Federal Open Market Committee", called on Mr. Grunebaum's behalf and asked that he be reinstated on the list. In view of the support from the New York Fed. and of Mr. Grunebaum's long association with the marketing of World Bank securities, I recommend he be included in this year's Special Guest List.

EHRotberg:emk

bcc: Mr. William L. Bennett

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: Proposed Study on Capital Markets

DATE: June 27, 1975

I have the following suggestions and comments concerning the proposed study on Capital Markets:

1. A study should be made by P&B on the basis of information already published by the OECD which tells for each national market the size of the capital market, the maturity structure of the market, the different categories of issuers of debt securities, etc. This study is published quarterly, by country, and is presented in a uniform format on the basis of data supplied by each country to the OECD. P&B might do extrapolations of the data for the next several years using outside consultants if necessary to obtain a macroeconomic input.

2. A similar study is prepared yearly for the U.S. market by Salomon Brothers and Bankers Trust Company. Without too much difficulty, I am sure they could make a projection for several years in advance under the same format. A copy of one of their recent studies is attached, together with an OECD Study of Capital Markets.

3. Our analysis would be relatively straightforward and should not be too time consuming since the basic work has already been published. I am reasonably confident that it will show that sufficient funds are "available" for the Bank to meet its program.

4. We know, by category of institutions, the identity of the bond buyers in the U.S., the average size of each order for each institution; the number of different orders for our bonds and even from what State these orders originate. I personally do not believe it is useful to make projections of the cash flow, for the future, for different financial intermediaries, their liquidity requirements, maturity preferences, or future debt vs equity mix, etc. Rather, I would suggest proceeding along the lines set forth below to answer the threshold question -- "how much can we borrow"?

5. I suggest we contact the following: The Deutsche Bank (Germany); ABN (Holland); one of the large Swiss banks; our Tokyo Office; and our U.S. underwriters. Each would be asked to prepare a study for the Bank analyzing our future potential ability to raise funds in their currencies - (not their "markets"). In this connection, this Department would be prepared to draft the terms of reference which would set forth the factors which should be considered in their report, e.g.,

size of the potential market in total and for us
according to maturity;

June 27, 1975

the extent to which volume of our market penetration depends upon (a) the interest rate that we are willing to pay; (b) the frequency of our issues within a given time frame; (c) the competition from other borrowers, including government financing to finance deficits; (d) who are in fact our competitors; (e) an evaluation of the government's position generally vis-a-vis foreign issuers' access to market, and whether such attitudes are based upon economic, political, or financial priorities in each country and how - if at all - this affects our future access to their market; (f) the extent to which institutional or individual investors' attitude toward the Bank is conditioned by the size and frequency of our issues, or our current financial policies, or current lending policies, or investors' evaluation of our future financial prospects or their general reaction to the role of the Bank - or whether the bonds are sold primarily on the basis of our general reputation and government support.

6. The Eurodollar Market. A description of the Eurodollar market might be prepared by Yoon Park, in which he would analyze its current size, future potential according to maturity, extent to which the Bank could tap that market. Yoon did his Doctoral dissertation on the Euro-Bond market, has otherwise published extensively on the subject, and is aware of the Bank's requirements and constraints.

7. There is no need for a separate study of "Petrodollars," since the relevant data will be included above.

8. Direct OPEC borrowings involve, for the most part, "political" rather than financial considerations - though some reference should be made to the different scenarios on the accumulation of financial surpluses.

Attachments

cc: Mr. Cargill

EHRotberg:emk



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



June 26, 1975

Mr. Chris Leach
Institutional Investor
14th Floor
488 Madison Avenue
New York, N.Y. 10022

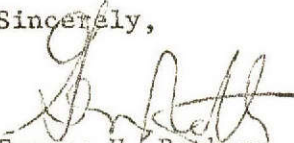
Dear Mr. Leach:

I am enclosing for your information the Special Guest List and the Delegation List for our 1974 Annual Meetings. You will appreciate, of course, that some of the names and titles may have changed in the last year. We expect to get a similar listing in the next month or so for our 1975 Annual Meetings which will take place during the first week of September.

I have also enclosed a publication which sets forth the borrowings in international capital markets from June 1974 through March 1975. These are categorized according to publicly-issued bonds, private placements and Eurocurrency credits.

Best regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosures

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NOTENBANK
FRANKFURT (MAIN)

DATE: JUNE 24, 1975

CLASS OF
SERVICE: TELEX
Ext. 2731

COUNTRY: GERMANY
ATTENTION: MR. ERWIN BLUMENTHAL

TEXT:
Cable No.:

RE MR. HITTMAIR'S LETTER OF JUNE 19 TO YOU PLEASE BE ADVISED THAT
PROCEEDS OF OUR PUBLIC DEUTSCHE MARK ISSUE WILL BE PAID BY DEUTSCHE
BANK ON JUNE 27, 1975 INSTEAD OF JUNE 30, 1975 STOP REGARDS

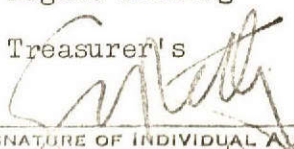
ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene Rotberg

EPT. Treasurer's

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: MLevit:lpa.

ORIGINAL (File Copy)

(OPTIONAL) See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Rotberg ✓
Deely
de Boeck
Schielke
Uhrig
/ Buhler

For Use By Communications Section

Checked for Dispatch:

Chron

ASSOCIATION

RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OFFICE MEMORANDUM

TO: Mr. Mervin E. Muller, Computer Activities Dept. DATE: June 23, 1975

FROM: Eugene K. Rotberg, Treasurer's Department *ER*

SUBJECT: Special Request for C.A.D. Analytic Support

On May 12 - 15, 1975 Mr. Mahsoun B. Jalal, Vice Chairman and Managing Director of the Saudi Fund for Development visited Mr. McNamara and the Bank for financial discussions. During the visit he had occasion to make certain requests of this Department and Messrs. Michaelcheck and Lane prepared a short paper for him addressing his queries. He has subsequently requested a more detailed study by Michaelcheck and Lane and they are presently to leave for Riyadh on a short term advisory mission.

Part of the original paper was enhanced by a computer model designed by Morton Lane with the excellent assistance of Jerome Kreuser of your Department. As part of the extended study we would like to refine the original model and bring it to a form suitable for further analysis and presentation. We would therefore request special assistance from the Computer Activities Department in this effort.

The Bank attaches high importance to this effort and intends to complete the study for Mr. Jalal by the middle of August. Your early attention to this matter would therefore be greatly appreciated.

Chiron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: JUNE 23, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

FOR SAKAI

THANKS YOUR TELEX TODAY GIVING DETAILS OF REDUCTION IN COUPON
RATE OF CORPORATE BONDS STOP WE APPRECIATE YOUR XXXX FURNISHING
US WITH THIS INFORMATION STOP REBARDS

ROTBURG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME: EUGENE H. ROTBERG

DEPT: TREASURER'S

SIGNATURE: 
(Signature of individual authorized to approve)

INITIALS: EHRotberg:emk

ORIGINAL (File Copy)

DISPATCHABLE See Secretaries Guide for proper handling

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Chron

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NOMURA SECURITIES
222 TOKYO

DATE: JUNE 23, 1975

CLASS OF SERVICE: TELEX NOMURASH J22567
X-2213

COUNTRY: (JAPAN)

TELEX
Cable No.

ATTENTION: MR. TADASHI ISHIDA, EXECUTIVE MANAGING DIRECTOR
THANKS YOUR TELEX TODAY GIVING DETAILS OF REDUCTION IN COUPON
RATES FOR DOMESTIC CORPORATE BONDS STOP WE APPRECIATE YOUR
FURNISHING US WITH THIS INFORMATION STOP KINDEST REGARDS

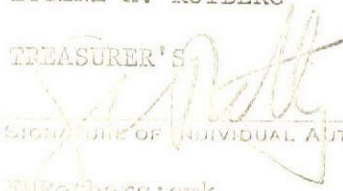
ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME: EUGENE H. ROTBERG

DEPT.: TREASURER'S

SIGNATURE: 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

TELETYPE: EHROTBERG:emk

ORIGINAL (File Copy)

For Distribution: See Treasury Guide for preparing bond

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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: JUNE 23, 1975

CLASS OF SERVICE: TELEX
2211

COUNTRY: JAPAN

TEXT:
Cable No.:

PRIMO RE OUR AGREEMENT TO INVEST IN GOVERNMENT GUARANTEED BONDS
STOP PLEASE INVEST THE JULY PORTION OF YEN FIVE BILLION FACE VALUE
BONDS MATURING IN THREE TO FIVE YEARS WITH A PREFERENCE FOR THE
LONGER MATURITIES ON JULY 1 STOP
SECUNDO WE CONFIRM THAT THIS INVESTMENT ORDER IS ALSO SUBJECT TO
THE TERMS AND CONDITIONS OF YOUR LETTER APRIL 22, 1974 STOP
TERTIO UPON EXECUTION OF TRANSACTIONS PLEASE CONFIRM DETAILS
BY TELEX STOP BEST REGARDS TEST 1545

ROTBERG/SCHIELKE

INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

PT.

TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

SACE

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

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

For Use By Communications Section

OUTGOING WIRE

TO: MR. KAZUHIKO SAKAI

DATE: JUNE 23, 1975

IMMEDIATE

CLASS OF
SERVICE:
2211

TELEX

TOKYO

COUNTRY: JAPAN

TEXT:
Cable No.:

WE HAVE SENT THE FOLLOWING CABLE TO NIPPONGENK TODAY:

QUOTE PLING RE OUR AGREEMENT TO INVEST IN GOVERNMENT GUARANTEED BONDS

STOP PLEASE INVEST THE JULY PORTION OF YEN FIVE BILLION FACE

VALUE BONDS MATURING IN THREE TO FIVE YEARS WITH A PREFERENCE FOR

THE LONGER MATURITIES ON JULY 1 STOP

ENCLOSURE WE CONFIRM THAT THIS INVESTMENT ORDER IS ALSO SUBJECT TO

THE TERMS AND CONDITIONS OF YOUR LETTER APRIL 22, 1974 STOP

TEXT UPON EXECUTION OF TRANSACTIONS PLEASE CONFIRM DETAILSBY TELEX STOP END UNQUOTE BEST REGARDS

ROTHBERG/SCHIELKE

INTRAIRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTHBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

BY TELETYPE

DATE

ORIGINAL (11th Copy)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Rothberg, Mr. Hittman,
Mr. DeBoeck (2), Ms. Johnston
Mr. Schielke, Ms. Hao

For Use By Communications Section

Checked for Disposition

Chrm



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

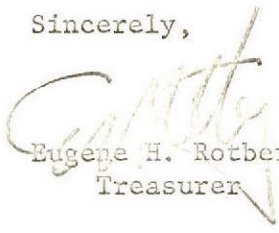


June 19, 1975

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Holmes:

I am enclosing herewith for your information
(a) Document R75-122 issued in connection with our
proposed issue of 8-1/4% Deutsche Mark Bonds of
1975; and (b) Document R75-130 issued in connection
with our proposed issue of 8-1/4% Swiss Franc Notes
of 1975. These transactions have been approved by
our Board of Executive Directors.

Sincerely,

Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg *emk*

SUBJECT: U.S. Bond Issues

DATE: June 18, 1975

In memo
I would prefer the
alternatives at A

We have received approval from Charles Cooper to go forward with our U.S. issues. Attached is the proposed Board document for the borrowing operation. Please note that I have estimated the total costs of both operations, weighted by amount and maturity, at 8.35% - about 13 basis points higher than anticipated Tuesday night. The market deteriorated today and the pricing reflects my best judgment if we were to market the issues today.

A We can, alternatively, simply note in the Board document that market conditions will be discussed generally at the Board meeting on June 24 and that definitive limitations, within which we would exercise our discretion, etc., would be set at the Board meeting of July 1, immediately prior to pricing.

The proposed Board document would not be distributed until after the Swiss issue was approved. I would, therefore, recommend that we show in the Annex our completed borrowing program for FY75 and the borrowings to be charged to FY76 with the appropriate qualifications as set forth in the text.

The Resolution, which is not attached, is being prepared by the Legal Department and will be identical in form to the previous U.S. issue, i.e., it will provide discretion as to pricing and costs but will be orally modified at the June 24 meeting and again on July 1.

Attachment

EHRotberg:emk

Cheson

OFFICE MEMORANDUM

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

FROM: Eugene H. Rotberg *ER*

SUBJECT: IBRD Portfolio Yields as of May 1, 1975

DATE: June 17, 1975

Attached is the statement of portfolio yields as of May 1, 1975. It is our view that interest rates will stay at or decline slightly from current levels in the next several weeks. Thereafter, we assume that the Fed will take a less expansionary monetary posture and that U.S. Treasury borrowings will be considerable. As a result, we project short-term interest rates to rise by August.

The projected increase in interest rates and the rather low level of inflation anticipated in the U.S. should serve to strengthen the dollar vis-a-vis other currencies. This should reduce the speculative demand of non-residents for Deutsche Marks, Swiss francs, Dutch guilders, and French francs. This, in turn, will have the effect of increasing interest rates in those currencies. Therefore, we should borrow as much as we can in those currencies (and in the United States) before mid-summer. If our view of interest rates is correct, we would attempt to conclude our negotiations with Saudi Arabia as soon as possible.

The table below shows current yields for new investments in U.S. dollars:

	%
3-Month Treasury Bill	5.00
3-Month Certificate of Deposit	5.50
6-Month Treasury Bill	5.40
6-Month Certificate of Deposit	5.90
12-Month Treasury Bill	5.60
12-Month Certificate of Deposit	6.60
2-Year U.S. Treasury Note	6.38
2-Year U.S. Agency	6.60
5-Year U.S. Treasury Note	7.30
5-Year Agency	7.50

EHRotberg:jcv
Attachment
cc: Mr. Goodman

Chron

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

DATE: June 13, 1975

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Yield Spread Between U.S. and Foreign Government Obligations

Attached is a list of recent U.S. dollar-denominated foreign government debt issues in the U.S. market. As the list shows, these issues consistently have been sold at substantially higher yields than U.S. Government issues of comparable maturity and coupon.

A typical reason given by securities dealers and portfolio managers was that the risk on a foreign government obligation is "not determinable." One manager noted that foreign governments change their economic policies rapidly and there is no way for the portfolio manager to forecast accurately the future risk of default. These vague and rather unsophisticated observations were "supported" by a general uneasiness about investments in government obligations in currencies over which the government had neither taxing power nor "power to print" in the event of a deterioration in its foreign exchange reserves.

In many states there are legal prohibitions against the ownership of foreign securities by state or municipal pension funds. Insurance companies are normally limited to holding 2% of their investments in foreign obligations. Bank trust departments have internal guidelines and/or are subject to a "prudent man" test which they believe restricts their holding of "foreign" obligations. Other managers, who have more flexibility and sophistication merely demand higher yields on foreign issues. They point out that the secondary markets, in fact, are not well developed, thereby making the securities unattractive as trading vehicles. In a time where the only way to achieve a "real return" is to trade a debt security on the basis of yield spreads from other securities, rather than hold it to maturity, the relative illiquidity of issues also makes the investment unattractive.

In addition, the Federal Reserve Bank does not accept foreign government obligations as collateral from banks, nor does it purchase such obligations in the secondary market. This diminishes their attractiveness for commercial banks, the major buyer of intermediate-term paper.

Underwriters explain that foreign governments are now willing to pay high yields in order to establish themselves in the U.S. dollar market. These few issues have come to the market only since the abolition of the Interest Equalization Tax about two years ago and borrowers are willing to pay a price to establish their "name" with investors. The premium yield will diminish over time. Our job is to make investments before the market more accurately reflects the credit strength of these issuers.

Attachment

EHRotberg:emk

RECENT FOREIGN GOVERNMENT GUARANTEED
DEBT ISSUES SOLD IN THE U.S.
DENOMINATED IN U.S. DOLLARS

<u>COUNTRY</u>	<u>AMOUNT</u>	<u>ISSUE DATE</u>	<u>ORGANIZATION</u>	<u>MATURITY</u>	<u>SALE YIELD</u>	<u>COMPARABLE YIELD ON ISSUE DATE</u> (U.S. Treasury 9%) (of 8/15/80)	<u>YIELD SPREAD</u>
JAPAN	\$50 million	3/13/75	Japanese Development Bank	3/15/80	8.69	7.28	+1.41
FRANCE	\$75 million	3/6/75	Caisse Nationale des Télécommunications	3/15/80	9.25	7.23	+2.02
	\$60 million	4/17/75	Société Nationale des Chemins de Fer	4/15/80	9.125	7.92	+1.21
	\$100 million	5/30/75	Banque Française du Commerce Extérieur	5/15/80	9.125	7.58	+1.55
<u>PLANNED ISSUES</u>							
AUSTRALIA	\$50 million	6/12/75	Government of Australia	6/15/80	8.45	7.25	+1.20



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



CHRON

June 13, 1975

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

Dear Mr. Suzuki:

Thank you for forwarding to me your
latest information on the Japanese Bond Market.

I continue to find IBJ's reports both
interesting and worthwhile, and I sincerely ap-
preciate your thoughtfulness in forwarding them
to me.

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

✓ bcc: Dr. Park

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Goodman) DATE: June 11, 1975

FROM: Eugene H. Rotberg *ER*

SUBJECT: Proposed Borrowing in U.S.

The purpose of this memorandum is to describe current market conditions in the United States and recommend that we borrow \$500 million, perhaps within the next weeks, if the market remains strong.

Market rates have declined substantially as shown below and have declined 20-30 basis points in the last three days.

Market Yields on U.S. Investments

	<u>4-15-75</u>	<u>6-11-75</u>
3-Month Treasury Bill	5.63	5.05
6-Month Treasury Bill	6.07	5.35
1-Year Treasury Bill	6.67	5.70
2-Year Treasury Notes	7.37	6.44
2-Year Agencies	7.67	6.50
5-Year Treasury Notes	7.85	7.23
5-Year Agencies	8.15	7.35
10-Year Treasury Notes	7.94*	7.75*
10-Year Agencies	8.24	7.84

* Hypothetical yield on a new issue. Quoted yields in the secondary market for outstanding issues are about 75 basis points lower because these carry low coupons thus providing an opportunity for capital gains at a lower tax rate than ordinary interest income.

There are two major reasons for the market improvement. First, there is a general feeling that the U.S. economy is weak and will not improve because of (a) sluggish behavior of the automobile and housing sectors, (b) persistent decline in business and consumer loan demand, and (c) increasing expectations of 4-6% inflation rate for the next one or two years.

Second, technical factors in the market have acted to reduce yields. Specifically, unexpected revenues have enabled the Treasury to reduce its forecasted borrowings over the next six weeks to two months. This reduction in borrowing requirements and the ease by which the May financing was executed has reduced fears of "crowding out."

Another technical factor reducing yields is the "window dressing" by U.S. commercial banks which causes them to purchase medium and short-term U.S. Treasury obligations to show on their June 30 balance sheets. In addition, dealer inventories of Government securities are very light. Further, the sharp positive slope in the yield curve has the effect of inducing longer-term investments in order to pick up yield and at a positive "cost of financing" the investments.

The Federal Reserve Bank's open market operations have had the effect of reducing short and intermediate-term rates in the last two months. We project that the actual growth in the money supply rate for June will be 12-13% and that the rate for August will also be high. It is our view that the Federal Reserve Board may shortly take a more neutral stance and act to moderate the growth of the money supply and that by August the Fed's posture will be considerably less expansionary.

Up to this point, however, the recent additions to the banking systems reserves, as reflected in the money growth figures, have forced banks to buy short and intermediate-term securities in the absence of business loan demand.

Market analysts think that these favorable technical conditions are temporary and account for the market strength. By August the market psychology, we think, will have switched -- partially in response to expected new Treasury financing of \$5.2 billion in July and \$7.0 billion in August and partially to a less expansionary policy by the Fed. (The Treasury financing is in addition to the Treasury's regular quarterly financing on August 15 when \$7.7 billion will be rolled over.) In contrast, we project that Treasury operations in June will raise no new funds.

According to Morgan Stanley, we can now do a 21-year issue at a total cost of 8.80%; ten years at 8.50%; eight years at 8.40%; five years at 8.05%. (I personally think we may do better than these rates in the ten-year maturity since AA Industrials will be marketed at a cost to the issuer of about 8.20.)

I recommend we do a \$500 million issue -- perhaps a mix of eight and ten years or five and ten years, if the market continues its strength, for offering in late June or early July. The long-term rate still seems too high at a cost of 8.80%.

EHRotberg:emk

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FY76 Borrowing Program

		<u>Amount</u>			<u>Currency</u>	<u>Average Life (years)</u>	<u>Coupon %</u>	<u>Total Cost %</u>
		<u>Maturing</u>	<u>Additional Funds</u>	<u>Total^{2/}</u>				
		(\$ million equivalent)						
Central Bank	9/15/75	170	180	350	\$	2	7.125	7.125
	3/15/76	257.7	117.3	375	\$	2	7.75	7.75
Bundesbank	8/1/75	127	-	127	DM	4-1/2	7.75	7.75
	2/1/76	105	-	105	DM	4-1/2	7.50	7.50
Bank of Japan	various (8 dates)	193	-	193	¥	6-1/2	8.50	8.50
<u>OPEC</u>								
Saudi Arabia	11/1/75	-	500	500	\$	10	8.50	8.50
Venezuela	12/1/75	-	300	300	\$	10	8.50	8.50
Kuwait	9/15/75	-	200	200	\$	10	8.50	8.50
Iran	9/15/75	-	200	200 ^{3/}	\$	10	8.50	8.50
U.S. Market	8/15/75	-	500	500	\$	5 & 10	8.25	8.40
	1/15/76	200	300	500	\$	5 & 10	8.25	8.40
	4/15/76	-	200	200	\$	21	8.50	8.60
Germany	10/1/75	-	100	100	DM	12	8.00	8.15
	3/1/76	-	100	100	DM	12	7.75	7.90
Swiss	10/15/75	24	16	40	Sw F	15	7.50	7.90
Holland	12/31/75	25	15	40	f.	5	8.25	8.25
Japan	11/1/75	-	70	70	¥	12	8.50	8.75
	4/1/76	-	50	50	¥	12	8.25	8.50
		<u>1,101.7</u>	<u>2,848.3</u>	<u>3,950</u>		<u>8.12</u>		<u>8.37^{1/}</u>

Other Possible Sources:

Saudi Arabia \$500 million
Iran \$200 million (represents "commitment" for CY76)
U.S. \$800 million (based upon total annual program of \$2.0 billion)

^{1/} Double-weighted for amount and maturity. Weighted for amount only, the average cost of borrowing would be 8.21. FY76 Financial Program was based on 8.50%.

^{2/} FY76 Program is \$3,750 plus an FY75 carry over of approximately \$200 million.

^{3/} Based on commitment to lend, net of offsets, \$200 million in CY 75.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Goodman) DATE: June 9, 1975

FROM: Eugene H. Rotberg *EW*

SUBJECT: Swiss Borrowing

(1) The Swiss are now prepared to place privately SF200 million (\$80 million) equivalent on the following terms and conditions:

Term:	7 Years
Coupon:	8-1/4 at Par
Yield to the Public:	8.09%
Commission:	1.75%
Miscellaneous Fees:	.18%

This would result in a cost to the Bank of 8.45%. In addition, there may be an imposition of a tax, levied by the Swiss Government, equivalent to 9 basis points, with respect to which we are seeking an exemption. Thus, the total cost, assuming the full tax levy, would be 8.54%.

(2) We have advised the Swiss underwriters that the overall cost is still somewhat high and that we seek a reduction in the underwriting commission in order to reduce the overall cost, inclusive of taxes, to about 8.50%.

(3) The yield to the public would be the same as our recent German issues; the higher cost is attributed to the 9 basis points for taxes.

(4) The private placement would not in any way limit our access to the Swiss markets and would be "additional" funds over and above our public issue, now scheduled for October. We have received encouragement from the Swiss National Bank to seek these private placements in order to facilitate the immobilization of non-resident Swiss francs.

(5) We do not believe that there would be a substantial change in rates for this kind of placement in the reasonably foreseeable future.

(6) These Swiss franc private placements tend to be refinanced and have a reasonable prospect of becoming a long-term source of funds.

(7) If we go forward with this borrowing, it would reduce the "shortfall" for our FY75 borrowing program to about \$80 million.

(8) We recommend that we go forward if the total cost to the Bank for a seven-year issue, inclusive of the maximum tax rate, does not exceed 8.54%. The cost may be lower depending on our negotiations with the underwriters on their fee and with the government on the tax rate.

EHRotberg:emk

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NOMURA SECURITIES
TOKYO

DATE: JUNE 6, 1975

CLASS OF SERVICE: TELEX NOMURASH J22392
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION: MR. TADASHI ISHIDA, EXECUTIVE MANAGING DIRECTOR
THANKS YOUR TELEX TODAY GIVING DETAILS OF REDUCTION IN OFFICIAL
DISCOUNT RATE AND CORPORATE BONDS AND INFORMATION RE YEN
DENOMINATED BONDS OF FINNISH GOVERNMENT STOP WE APPRECIATE
YOUR FURNISHING US WITH THIS INFORMATION STOP KINDEST REGARDS

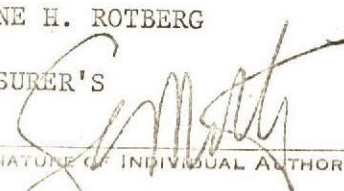
ROTBURG
INTBAFRAD

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:

cc: Mr. Hittmair
Mr. Deely

For Use By Communications Section

Checked for Dispatch

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: GENBANK
AMSTERDAM

DATE: JUNE 6, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (THE NETHERLANDS)

TEXT:
Cable No.:

ATTENTION: MR. C. KROL

REURTELEX JUNE 6 DELIGHTED TO HAVE DINNER WITH M R. VAN DER SLIKKE
THURSDAY JUNE 12 AND LOOK FORWARD TO MEETING WITH HIM AT HOTEL
PARKLANE NEWYORK AT SIX PM STOP THANKS AND BEST REGARDS

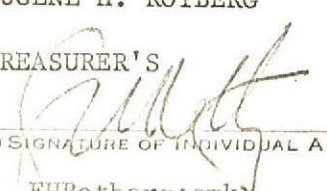
GENE ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

EPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Communications Guide for preparing form)

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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: SWISS BANK CORPORATION
GENERAL MANAGEMENT
UNDERWRITING DIVISION
BASLE

DATE: JUNE 6, 1975

CLASS OF SERVICE: KKK
TELEX
X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

RE PRIVATE PLACEMENT IN SWISS FRANCS STOP THANK YOU FOR YOUR
TELEX OF JUNE 6 STOP IN VIEW OF TOTAL COST TO WORLD BANK OF
RECENT AND PROPOSED OPERATIONS IN OTHER CURRENCIES WITH
MATURITIES SIMILAR TO YOUR PROPOSAL, WE BELIVE THAT THERE MAY
BE CONSIDERABLE RESISTANCE BY OUR BOARD OF EXECUTIVE DIRECTORS
TO TOTAL COSTS ENVISIONED BY YOUR PROPOSALS STOP HOWEVER WE
WOULD VERY MUCH LIKE TO DISCUSS MATTER FURTHER WITH YOU ON
MONDAY, JUNE 9 AND PROPOSE TELEPHONING YOU AT THREE PM YOUR TIME
TO DISCUSS WITH YOU POSSIBLE ALTERNATIVES STOP WE APPRECIATE
YOUR INTEREST AND EFFORTS MADE WITH RESPECT TO THIS MATTER
STOP KINDEST REGARDS

ROTBERG/HITTMAIR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

EHRotberg:emk

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section



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



June 6, 1975

Mr. Edgar B. Howard
Vice President
J. Henry Schroder
Banking Corporation
One State Street
New York, N.Y. 10015

Dear Ed:

With reference to your letter of May 30, I am enclosing herewith a copy of a document entitled "Borrowing in International Capital Markets" covering the first quarter of 1975. I don't remember if you have seen it in this form. I will arrange to have future publications sent to you as they are issued.

Kindest regards.

Sincerely,

Eugene H. Rotberg
Treasurer

Encl.

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Chiron

OUTGOING WIRE

TO: SWISS BANK CORPORATION
GENERAL MANAGEMENT
UNDERWRITING DIVISION
BASLE

DATE: JUNE 6, 1975

CLASS OF XXX
SERVICE: TELEX

X-2213

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

RE PRIVATE PLACEMENT IN SWISS FRANCS STOP THANK YOU FOR YOUR
TELEX OF JUNE 6 STOP IN VIEW OF TOTAL COST TO WORLD BANK OF
RECENT AND PROPOSED OPERATIONS IN OTHER CURRENCIES WITH
MATURITIES SIMILAR TO YOUR PROPOSAL, WE BELIEVE THAT THERE MAY
BE CONSIDERABLE RESISTANCE BY OUR BOARD OF EXECUTIVE DIRECTORS
TO TOTAL COSTS ENVISIONED BY YOUR PROPOSALS STOP HOWEVER WE
WOULD VERY MUCH LIKE TO DISCUSS MATTER FURTHER WITH YOU ON
MONDAY, JUNE 9 AND PROPOSE TELEPHONING YOU AT THREE PM YOUR TIME
TO DISCUSS WITH YOU POSSIBLE ALTERNATIVES STOP WE APPRECIATE
YOUR INTEREST AND EFFORTS MADE WITH RESPECT TO THIS MATTER
STOP KINDEST REGARDS

ROTBERG/HITTMAR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: JHROtberg:emk
ORIGINAL (file Copy)

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Chron



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



June 4, 1975

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of
New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Holmes:

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

- (1) R75-96 issued in connection
with our private borrowing
(DM 150 million) from the
Deutsche Bank; and
- (2) R75-107 issued in connection
with our proposed private
borrowing (DM 150 million)
from the Deutsche Genossen-
schaftskasse.

Sincerely,


Eugene H. Rotberg
Treasurer

Encl.: 2

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Goodman) DATE: June 4, 1975

FROM: Eugene H. Rotberg 

SUBJECT: Borrowing in Germany: DM 250 Million

We are now in the final stages of our negotiations for the proposed DM 250 million public issue. The Deutsche Bank has made a proposal for an 8-year issue, carrying an 8-1/4% coupon, payable annually. The yield to the public would be 8.09%; the underwriting commission of 1-3/4% would add 30 basis points; miscellaneous costs for printing, fiscal agent fees, bond listing fees, etc. would add another 6 basis points, resulting in a total cost to the Bank of 8.45%.

We might save 2 or 3 basis points if we reduced the maturity to 7 years. The cost of a World Bank 8-year issue in the U.S., inclusive of underwriting commissions, would be 8-1/2%.

We recommend that we go ahead with an 8-year issue at a cost to the Bank not more than 8.45%.

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Raymond J. Goodman
Eugene H. Rotberg

SUBJECT: FY75 and FY76 Borrowing Program

DATE: June 3, 1975

FY75 Borrowing Program

The Bank has borrowed \$3,282.3 million to date in FY75, inclusive of the borrowing from the Deutsche Genossenschaftskasse scheduled to be approved by the Board on June 3, 1975. In addition, we have concluded arrangements to borrow DM 250 million (\$107.2 million equivalent) in the German public market, which is scheduled for approval by the Board on June 17 -- bringing our borrowings for FY75 to \$3,390 million.

Currently, we are seeking to borrow \$85 million in Switzerland through a private placement before the end of FY75 and have also transmitted our interest to the Dutch Executive Director for an operation in Holland before June 30. We have not yet received an answer to Peter Cargill's latest letter to Iran regarding a \$200 million borrowing. Assuming that neither the Swiss, the Dutch nor the Iranian borrowings^{1/} come through this fiscal year, we will continue to pursue these matters and add the \$160 million "shortfall" to the FY76 borrowing program.

FY76 Borrowing Program

There is attached the proposed FY76 borrowing program, the substance of which is being incorporated into Standard Table IIIa and is scheduled to be printed today. As you may observe, we are planning to roll over the outstanding debt with the Bundesbank and The Bank of Japan. We expect to substantially increase the size of the Central Bank issues and have initiated discussions with the Regional Vice Presidents who will discuss our subscription goals and requirements for the forthcoming issues with their respective Central Banks. In addition, other senior officials of the Bank are visiting with certain Central Banks to advise them of our requirements.

Plans have been made to borrow in the German public market again in September. I have advised the Bundesbank that we will keep them informed quarterly of our program in Germany.

Saad El-Fishawy, as you know, is about to depart to the Middle East. He will be accompanied by a staff member of this Department, Mr. Joseph Uhrig, for the purpose of arranging the terms of the borrowing operations, consistent with El-Fishawy's terms of reference.

^{1/} If Iran does not agree to lend us resources before June 30, we should seek to borrow \$400 million from them between July 1, 1975 and June 30, 1976.

June 3, 1975

We would expect to discuss borrowing operations with Minister Hurtado of Venezuela and the question of technical assistance after the "third window" discussions are concluded.

Apart from Venezuela, we should have a reasonable indication from OPEC of how much we can borrow, when, and at what cost, by July 1. After we obtain a clearer reading of their intentions, we can determine when and in what amounts we should tap the U.S. market. Currently, we can borrow for 10 years in the U.S. at a yield to the public of about 8.35 - total cost 8.47%. OPEC investment in 10-year U.S. Governments can now be made at 7.85%. Although for purposes of presentation of the budget paper we have assumed a cost of 8.50%, weighted by both amount and maturity, it is not unlikely that we will be able to do better.

Assuming that OPEC's responses are consistent with our attached program, We would recommend doing our first U.S. operation for FY76 in January 1976 and another in April or May 1976. If, on the other hand, the OPEC responses cast doubt on our borrowing program from them and/or if interest rates in the U.S. 10-year market decline, we would on short notice - perhaps a week or two - enter the U.S. market. We have discussed this possibility with our underwriters. There will be no difficulty in our coming to market for the first \$500 million whenever we wished.

In addition, we have opened up discussions with The Netherlands and Norway for the purpose of negotiating borrowings from either the governments or Central Banks along the lines of our Bundesbank and The Bank of Japan operations. We might also make similar overtures to Dr. Klasen, Governor of the Bundesbank, since the Bundesbank direct placements with us have not increased since 1960, in absolute amounts, despite substantial increases in foreign exchange reserves.

Attachment

cc: Mr. Adler

Goodman/Rotberg:emk

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FY76 Borrowing Program

		Amount			Currency	Average Life (years)	Coupon %	Total Cost %
		Additional						
		Maturing	Funds	Total				
		(\$ million equivalent)						
Central Bank	9/15/75	170	180	350	\$	2	8.00	8.00
	3/15/76	257.7	117.3	375	\$	2	7.75	7.75
Bundesbank	8/1/75	127	-	127	DM	4-1/2	7.75	7.75
	2/1/76	105	-	105	DM	4-1/2	7.50	7.50
Bank of Japan	various (8 dates)	193	-	193	¥	6-1/2	8.50	8.50
<u>OPEC</u>								
Saudi Arabia	11/1/75	-	500	500	\$	10	8.50	8.50
Venezuela	12/1/75	-	300	300	\$	10	8.50	8.50
Kuwait	9/15/75	-	200	200	\$	10	8.50	8.50
Iran	9/15/75	-	200	200	\$	10	8.50	8.50
U.S. Market	8/15/76 -			500				
	1/15/76	200	300	500	\$	5 & 10	8.75	8.90
	4/15/76	-	500	500	\$	5 & 10	8.75	8.90
Germany	10/1/75	-	100	100	DM	12	8.00	8.15
	3/1/76	-	100	100	DM	12	7.75	7.90
Swiss	10/15/75	24	16	40	Sw F	15	7.50	7.90
Holland	12/31/75	25	15	40	f.	5	8.25	8.25
Japan	11/1/75	-	70	70	¥	12	8.50	8.75
	4/1/76	-	50	50	¥	12	8.25	8.50
		<u>2,648.3</u>	<u>3,750</u>			<u>7.57</u>		<u>8.50^{1/}</u>

1/ Double-weighted for amount and maturity. Weighted for amount only, the average cost of borrowing would be 8.42%.

June 3, 1975

*1,500 million sum
2.2 x 3.*

Other Source:-

*Iran
U.S.
S.A.*



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

June 2, 1975

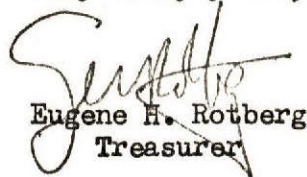
Mr. Irwin D. Sandberg, Assistant Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Mr. Sandberg:

This is to confirm today's tender made through your communications network: Competitive tender for Bills due December 4, 1975 \$50,000,000 at 97.213.

Please deposit awarded bills in our IBRD Wash/Inv. Account and charge our A General Account for the dollar equivalent.

Very truly yours,


Eugene H. Rotberg
Treasurer



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

June 2, 1975

Mr. Irwin D. Sandberg, Assistant Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Dear Mr. Sandberg:

This is to confirm today's tender made through your communications network: Competitive tender for Bills due September 4, 1975 \$50,000,000 at 98.669.

Please deposit awarded bills in our IBRD Wash/Inv. Account and charge our A General Account for the dollar equivalent.

Very truly yours,


Eugene H. Rotberg
Treasurer

Chiron

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

WASHINGTON, D. C. 20433, U.S.A.

May 30, 1975

Dear Mr. Yukawa:

Let me take this opportunity on the occasion of your retirement as Executive Director of the Bank of Japan to express my sincere appreciation for the kindness and courtesies which you have shown to me and to the World Bank. The excellent financial and personal relationships between these two respective institutions have been greatly enhanced by your distinguished career at the Bank of Japan.

I congratulate you on your new role as Adviser to Nomura Securities Investment Trust Management Co., Ltd. and look forward to meeting with you again in the near future.

Kindest personal regards,


Eugene H. Rotberg
Treasurer

Chen

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

DATE: May 30, 1975

FROM: Margaret E.A. Bowell *MB*

SUBJECT: Future Travel - Treasurer's Department

Mr. Rotberg

Mr. Rotberg will travel to Holland, Norway and Paris during the next three months.

Mr. Hittmair

Mr. Hittmair will be on Home Leave from June 20 through July 21.

mb

~~2228~~ - 2243

IBRD Borrowing Operations in the Federal Republic of Germany

Currently, the Bank's outstanding borrowings denominated in Deutsche marks amounts to DM6,359.4 billion (US\$2,710.4 billion equivalent). These operations consisted of (a) 14 public offerings of which there is outstanding DM2.8 billion, (b) 44 loans from the Deutsche Bundesbank of which there is outstanding DM2.4 billion, and (c) 12 private placements with other financial institutions of which there is outstanding DM1.1 billion.

The Bank's most recent German borrowing operation was on May 27, 1975 when the Bank signed a purchase agreement with the Deutsche Bank for a principal amount of DM150 million (US\$63.9 million equivalent). The borrowing was for seven years with an interest rate of 8-1/4%.

We are currently arranging to borrow in the next several weeks an additional DM400 million in Germany. This would be accomplished through a private placement aggregating DM150 million with the Deutsche Genossenschaftskasse which serves as a "cooperative" commercial bank and central bank for local and regional cooperative banks, and a public offering of DM250 million through the Deutsche Bank. Both of these operations will also supply the World Bank with additional intermediate term resources to assist it in its development effort.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Goodman) DATE: May 28, 1975

FROM: Eugene H. Rotberg

SUBJECT: GERMANY - Proposed Private Placement - for Board consideration
June 3, 1975

Attached, for your approval, is the documentation relating to a private placement with the Deutsche Genossenschaftskasse. The average life of the obligation would be 7 years and the total cost to the Bank 8.23%. The notes are being placed with cooperative banks in Germany and outside of Germany. A portion of the proceeds (DM 38 million) would be used to repay a maturing obligation held by the Deutsche Genossenschaftskasse on July 1, 1975.

Currently U.S. Government obligations with a 7 year maturity yield about 7.95%; U.S. Agencies 8.15-8.20%; IBRD bonds could be sold at a yield to the public of about 8.40% with an average cost to the Bank of approximately 8.55%.

The documentation has also been approved by the Legal Department.

EHRotberg:mb

OUTGOING WIRE

TO: NOTENBANK
FRANKFURT

DATE: MAY 27, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: GERMANY

TELEX
Cable No.:

ATTENTION: DR. J. TUENGELER

MR. PETER CARGILL, VICE PRESIDENT FINANCE, AND MR. GEORGE GABRIEL,
CONTROLLER, WILL SPEND THURSDAY JUNE 5 IN FRANKFURT STOP PLEASE ADVISE
WHETHER IT WILL BE POSSIBLE FOR THEM TO CALL ON DR. KLASSEN AND/OR DR. EMMINGER
AND YOU ON THAT DAY STOP PLEASE ALSO INDICATE WHAT TIME WOULD BE CONVENIENT
FOR THIS VISIT STOP BEST REGARDS TEST 607

KAREN ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

DEPT.

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE

CLEARANCES AND COPY DISTRIBUTION:

Mr. Cargill
Mr. Gabriel
Mr. Rotberg

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

Chron

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Cargill) DATE: May 23, 1975

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Germany - Borrowing from Deutsche Genossenschaftskasse

We have received the formal offer from the Deutsche Genossenschaftskasse for a private placement of DM 150 million (U.S. \$63.8 million equivalent) to be placed with "bank co-operatives" in Germany and Western Europe. This would be a new source of funds for the Bank. The issue would mature in four installments in 1979, 1981, 1983 and 1985, resulting in an average life of seven years. The coupon would be 8-1/4% payable annually (8.09% yield to the buyer) and the price would be between 99 and par. Thus, the maximum cost to the Bank would be 8.27%.

The lender would like our agreement in principle as soon as possible and is prepared to sign the documentation on Friday, May 30. Accordingly, if you agree to the transaction, we would propose to advise the Board and circulate the documents on Tuesday, May 27, for a meeting on Thursday, May 29. As you may observe, the cost to the Bank will be at least 12 basis points less than the placement with the Deutsche Bank scheduled to be considered on Tuesday, May 27. This is the result of placing the notes directly with the ultimate purchaser rather than through an underwriter or bank.

EHR:jcv

cc: *Hittman*
Goodman
Acely
Harris

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 22, 1975

FROM: I.P.M. Cargill

SUBJECT: Bank and IDA Investment Authority

Attached for your approval is a draft memorandum to the Executive Directors together with a draft resolution concerning the Bank's and IDA's investment authority; these papers have been prepared jointly by the Treasurer's and Legal Departments and have been cleared by Messrs. Broches and Rotberg. The proposed resolution consolidates the investment authorities which have been provided under numerous resolutions by the Executive Directors over the past years. The resolution is more specific, clarifies areas which have been vague up to now and adds new categories of authorized instruments; minor existing differences between the investment authority of the Bank and IDA have been eliminated.

Six recommendations, included in the memorandum, would broaden the Bank's and IDA's investment authority and would enable the portfolio managers to take advantage of money market developments which have emerged in recent years; the following is a summary of the proposed new authorizations:

1. Investment in the Federal funds market, the short-term inter-bank market in the United States.
2. Investment in bankers' acceptances provided they are eligible for purchase, or acceptable as collateral, by central banks.
3. Purchase of government obligations not denominated in the issuing country's currency provided they form part of a public issue with a credit standing equivalent to a AAA rating in the United States.
4. Placement of time deposits denominated in the currency of the country in which a bank's head office is located with its foreign branches. (This provision will allow investment in Eurodollar certificates of deposit in London).
5. Purchase of obligations issued by the U.S. Banks for Cooperatives as an addition to the list of authorized U.S. Agencies.
6. The resolution fixes 60% of aggregate liquid holdings as the limit on holdings of investments in time accounts and bankers' acceptances and loans of Federal funds, to substitute for the present practice of a fixed dollar ceiling on time accounts in U.S. commercial banks.

ABroches/HCHittmair:mb

3/27 To Mr. Cargill

1. Have we prepared written analyses of

The pros & cons of each proposal, including alternatives? increased return without increase in risk? Please

with and when you return! L. M. W.

Short sample with the same?

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Cargill)

DATE: May 22, 1975

FROM: Eugene H. Rotberg *ER*SUBJECT: Comparison of IBRD and IDB Borrowing Costs

This is in response to your request to Mr. Cargill to explain how IDB has been able to borrow the same maturities as IBRD at lower costs than IBRD for the years 1971-1973.

The attached tables show borrowing details for the three calendar years 1971-73 for both IBRD (Attachment 1) and IDB (Attachment 2); the following is a summary by year for both institutions:

	<u>1971</u>	<u>1972</u>	<u>1973</u>
Total amount borrowed (in millions of US\$)			
IBRD	1,587	1,791	1,986
IDB	144	176	138
Average cost (in %)			
IBRD	7.63	6.81	7.15
IDB	7.51	7.24	6.54
Average life (in years)			
IBRD	6.99	6.38	6.86
IDB	7.71	8.90	6.94

The comparison indicates that in 1971 and 1973 IDB executed their borrowings at average rates lower than IBRD and that in all three years the average life of the IDB borrowings were longer.

An analysis of these averages, however, shows the following:

1. The shorter average lives of the IBRD operations reflect primarily the shorter term operations of IBRD with the Deutsche Bundesbank, The Bank of Japan and the Two Year Central Bank issues. The IDB issues two year bonds only once every year and does not have the borrowing (rollover) arrangements with the German and Japanese central banks - which, in effect provide a long-term source of funds to the IBRD.
2. The desire to rollover the shorter term operations with central banks rather than to reduce such engagements through repayments have caused IBRD to accept in 1971 and 1973 comparatively high borrowing costs for these transactions.

3. The frequency of market access by IBRD (for example in 1973 about 21 operations) exposes it to the changes in market developments during the year. An infrequent borrower like IDB (7 operations in 1973) is not exposed to these variations to the same extent. As an example our two year bonds of 1973 show the substantial cost increase during the year for our two issues; IDB had only one such issue early in the year and thus avoided the much higher rates later in the year:

<u>Borrower</u>	<u>Date of Issue</u>	<u>Cost</u>
IBRD	3/15/73	6.75%
IDB	4/15/73	7%
IBRD	9/15/73	8.62%

4. In non-member countries the IDB has been able to borrow from sources (for example Ex-Im Bank of Japan throughout the 3 year period; Bank of Spain in 1973) at concessionary rates which were not available to IBRD. These borrowings were a prerequisite for these countries to be included for procurement under IDB loans.
5. We also should consider the difference in market sectors in which borrowings were executed. For example, a public issue in Switzerland (Sw F 100 million) by IDB in July 1973 is stated at a cost of 6.47%. During the same month IBRD made a private placement of Sw F 450 million at an average cost of 6.80% which has not since been available at these rates or in such amounts. This was the only option open to us at that time, since immediately prior thereto we had done a public issue in April 1973 and could not have come back to the public market so soon, particularly for such a large amount. Historically, private placements in Switzerland in 1973 commanded a yield 50 to 75 basis points higher than public issues and for a considerably shorter maturity (7 years compared to 13 years).
6. The completeness of the IDB cost calculations is not fully ascertained. While the Bank costs include all incidental expenses to the borrowing operation we are not certain that the cost information on the IDB operations is fully comparable.

Our experience has shown that in all the operations where the IDB has done borrowing operations comparable to ours (public issues) at about the same time they always have had to pay more for their issues. In their recent study on the Bank's market performance in the U.S. our three managing underwriters show a comparison between our 8.15% bonds of December 11, 1974 (yield to maturity 8.15%) and IDB's 8.25% issue of January 8, 1975 (yield to maturity 8.40%), in a slightly strengthening

Mr. Robert S. McNamara
(through Mr. Cargill)

- 3 -

May 22, 1975

market. Our underwriters comment on this situation as follows (letter dated April 29, 1975): "There is a considerable temptation, but probably not much need, to dwell on the issuer categories with which the World Bank compares quite favorably. The reasons for these favorable comparisons include a combination of the Bank's market image and operating record, legal investment status, liquidity and market breadth, and investor attitudes toward 'foreign' securities".

EHRotberg/HCHittmair:mb

Cleared in substance and cc: Mr. Adler

		Average	Date of	Amount	Yield at Issue	Cost to
	Currency	Life (yrs.)	Issue	(US\$m)	Coupon (%)	IBRD (%)
CY1971						
Central Banks	US\$	2.0	3/15/71	200.0	5.20	5.20
	US\$	2.0	9/15/71	170.9	6.50	6.50
Bundesbank	DM	4.5	2/1/71	43.0	7.50	7.36
	DM	4.0	8/1/71	38.9	7.75	7.75
	DM	4.5	8/1/71	43.0	7.75	7.75
Bank of Japan	¥	4.5	1/14/71	100.0	7.43	7.43
	¥	4.5	3/22/71	100.0	7.43	7.43
	¥	4.5	6/11/71	19.4	7.43	7.43
	¥	4.5	9/29/71	16.7	7.24	7.24
Belgium	BF	12.0	9/22/71	15.0	7.50	7.95
Canada	Can.\$	8.0	11/1/71	23.1	7.25	7.48
	Can.\$	6.6	12/17/71	46.2	7.25	7.11
Germany	DM	5.0	2/1/71	19.0	7.50	7.36
	DM	10.5	6/1/71	54.6	7.50	7.71
	DM	1.0	10/15/71	6.8	8.00	7.85
	DM	10.5	12/10/71	68.3	7.50	7.65
	DM	2.0	12/15/71	6.8	7.875	7.73
Japan	¥	9.0	6/30/71	30.6	7.75	8.12
	¥	9.0	10/1/71	33.3	7.50	7.86
Kuwait	KD	6.0	11/1/71	84.0	7.50	7.77
Netherlands	f	5.0	1/1/71	16.6	7.75	8.15
	f	13.0	1/2/71	16.6	8.25	8.46
	f	6.0	10/15/71	16.6	8.00	7.85
Switzerland	SwF	13.0	7/1/71	18.4	6.50	6.90
U.K.	£	5.0	8/11/71	24.0	8.00	8.46
U.S. Market	US\$	5.0	1/15/71	200.0	6.50	6.64
	US\$	21.9	8/25/71	175.0	8.125	8.22
TOTAL		6.99		1586.8		7.63
CY1972						
Central Banks	US\$	2.0	3/15/72	200.0	5.30	5.30
	US\$	2.0	9/15/72	200.0	5.875	5.875
Bundesbank	DM	4.5	2/1/72	43.0	6.875	6.875
	DM	4.0	2/1/72	25.3	6.875	6.875
	DM	4.3	8/1/72	68.3	7.125	7.125
Bank of Japan	¥	6.5	4/6/72 a/	27.8	7.05	7.05
	¥	6.5	various b/	292.2	6.74	6.77
Belgium	BF	10.6	3/1/72	20.0	7.25	7.52
France (Euro-market)	F	11.2	6/9/72	30.7	7.25	7.52
Germany	DM	10.5	3/1/72	68.3	6.75	6.92
	DM	5.0	3/1/72	41.0	6.25	6.50
	DM	10.0	7/1/72	77.6	6.50	6.75
	DM	2.0	7/3/72	7.8	6.50	6.40
Italy	Lit	11.0	8/1/72	43.0	7.00	7.45
Japan	¥	9.0	1/25/72	41.7	7.40	7.76
	¥	11.9	8/4/72	64.9	7.00	7.23
	¥	11.9	12/2/72	64.9	7.00	7.23
Kuwait	KD	6.5	4/1/72	56.0	6.75	7.125
	KD	11.8	8/15/72	45.6	7.00	7.28
Switzerland	SwF	5.0	1/25/72	73.5	6.375	6.66
	SwF	15.8	4/1/72	49.0	5.50	5.90
U.S. Market	US\$	5.0	1/7/72	250.0	6.375	6.53
TOTAL		6.38		1790.6		6.81
CY1973						
Two-year Bonds	US\$	2.0	3/15/73	240.0	6.75	6.75
	US\$	2.0	9/15/73	170.0	8.625	8.625
Bundesbank	DM	4.2	2/1/73	67.6	7.875	7.875
	DM	4.2	8/1/73	107.0	8.75	8.75
Bank of Japan	¥	6.5	4/6/73 c/	37.6	6.74	6.75
	¥	6.5	various d/	472.3	7.14	7.16
Austria	US\$	10.5	9/26/73	31.6	4.00	3.96
Belgium	BF	9.8	1/15/73	24.5	7.00	6.88
Germany	DM	10.0	2/1/73	62.1	6.75	7.07
	DM	10.5	5/1/73	87.9	6.375	6.55
Italy	Lit	11.1	8/1/73	32.5	7.25	7.25
Japan	¥	9.0	2/3/73	32.5	6.90	7.13
	¥	11.9	7/14/73	75.4	7.50	7.80
Kuwait	KD	11.8	3/1/73	76.0	7.00	7.34
	KD	9.0	12/15/73	84.4	7.25	7.51
Lebanon	LL	5.0	1/22/73	24.9	6.875	6.82
Libya	LD	9.8	8/15/73	101.3	7.625	7.65
Netherlands	F	9.5	1/15/73	61.6	6.875	6.75
Sweden	SKr	10.5	12/10/73	17.8	7.25	7.45
Switzerland	SwF	16.5	4/1/73	30.8	6.00	6.36
	SwF	7.0	7/31/73	148.0	6.46	6.80
TOTAL		6.86		1985.8		7.15

a/ CY1972 drawdown of ¥10 billion from ¥100 billion line of credit.

b/ CY1972 drawdown of ¥90 billion from ¥100 billion line of credit.

c/ CY1973 drawdown of ¥10 billion from ¥135 billion line of credit.

d/ CY1973 drawdown of ¥125 billion from ¥135 billion line of credit.

IDB: YIELDS ON NEW SECURITY ISSUES BY CALENDAR YEAR

Market	Currency	Average Life (yrs.)	Date of Issue	Amount (US\$m)	Coupon (%)	Cost to IDB (%)
<u>CY1971</u>						
Two-year Bonds	\$	2.0	4/15/71	17.3	5.25	5.25
Austria	S	8.0	6/3/71	6.4	7.00	7.85
Belgium	BF	10.5	10/27/71	8.9	7.50	8.05
France	F	12.2	2/22/71	19.5	8.50	8.825
Japan	¥	8.0	12/30/70 ^{a/}	10.0	7.00	7.00
Japan ^{b/}	\$	5.0	9/7/71	10.0	7.375	7.375
Netherlands	f	10.5	5/1/71	11.1	8.00	8.21
Switzerland	SwF	12.5	2/25/71	15.6	6.75	7.24
	SwF	12.5	12/15/71	15.6 ^{c/}	6.25	6.75
TOTAL		7.71		144.4		7.51
<u>CY1972</u>						
Two-year Bonds	US\$	2.0	4/15/72	32.5	5.375	5.375
France	F	14.4	11/20/72	19.5	8.00	8.49
Germany	DM	10.95	6/1/72	31.0	6.75	6.99
	DM	10.95	11/1/72 ^{d/}	31.0	6.75	7.19
Japan	¥	7.4	9/7/71 ^{e/}	11.7	7.00	7.00
	¥	5.67	11/5/71 ^{e/}	23.3	7.875	7.90
Sweden	SKr	8.0	6/16/72	6.2	7.75	7.75
Switzerland	SwF	13.125	11/10/72	20.8	5.75	6.43
		8.90		176.0		7.24
<u>CY1973</u>						
Two-year Bonds	US\$	2.0	4/15/73	53.4 ^{f/}	7.00	7.00
Austria	S	10.5	10/1/73	5.6	4.00	4.00
Japan	¥	7.4	9/7/71 ^{d/}	11.6	7.00	7.00
	¥	9.25	3/1/73	10.7	7.00	7.34
	¥	9.0	11/7/73	17.9	7.00	7.00
Spain	Pesetas	8.5	3/12/73	13.9	6.00	6.00
Switzerland	SwF	13.125	7/15/73	24.6	6.00	6.47
		6.92		137.7		6.55

^{a/} CY71 drawdown of CY70 issue.^{b/} Portfolio participation.^{c/} Excluding \$46.6m. of Japanese issues drawn down in 1972 and 1973.^{d/} First drawdown in 1972 of 1971 issue: balance of \$11.6m. drawn down in 1973.^{e/} Drawdown of 1971 issue.^{f/} Balance of \$5.1m. drawn down in 1974.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Cargill

Peter:

Attached is a brief note summarizing market conditions in Sweden, Norway and Denmark. In addition, I have attached a brief summary of borrowing operations directly with the Bundesbank, the BOJ, and certain OPEC government borrowings which you may find helpful.



Gene Rotberg
May 20, 1975

cc: Mr. Goodman

OFFICE MEMORANDUM

TO: Mr. Eugene H. Rotberg

FROM: Yoon S. Park *YSP*

SUBJECT: Market Conditions of Sweden, Norway and Denmark

DATE: May 20, 1975

The three Scandinavian countries of Sweden, Norway and Denmark are pursuing generally tight monetary policies and commercial banks are subject to governmental credit controls. Their balances of payments are in poor condition; during the first two months of this year, all three countries lost exchange reserves -- by \$48 million for Sweden, \$266 million for Norway, and \$100 million for Denmark.

Recently, the Swedish central bank authorized commercial banks to make more industrial loans for the purpose of balancing Sweden's international payments by increasing export capacity. Prior to the new authorization, several commercial banks were approaching their loan ceilings, which could have closed credit lines to small companies which are generally unable to tap other sources of funds. Large Swedish companies have been encouraged by the central bank since mid-1974 to borrow abroad as a means of reducing the payments deficit. During the past six months, Swedish corporate and municipal borrowers tapped the international capital market for the amount equivalent to about \$1 billion.

In the coming months, the Swedish government wants to see an increased supply of industrial bond issues and long-term credits of over 10 years. In recent years, however, Swedish insurance companies and the National Pension Fund have restricted their bond investment because long-term rates were kept artificially low. This policy has kept borrowing costs low for housing, power stations and the government, while the industry sector starved for long-term funds, queuing for almost two years for Central Bank permission to issue bonds. Last month, however, the Government allowed an increase of the coupon rate by one percent for industrial bonds, thus making these bonds more attractive to investors.

The Norwegian market is in a very tight liquidity squeeze, which is being pursued by the Bank of Norway to combat price increases. The domestic credit market is controlled by the Ministry of Finance, which each year fixes an annual credit ceiling. This year, it is assumed that the total domestic credit supply will rise from Kr 14.8 billion (\$2.8 billion) in 1974 to Kr 17.5 billion (\$3.5 billion), to which will be added an estimated capital inflow from abroad of Kr 6.5 billion (\$1.3 billion) to the private and local government sectors.

Norwegian commercial banks are complaining that the Labour Government is pursuing a tight-money policy in order to make banks unpopular and to facilitate "democratisation" of banks. The Government

maintains, however, that the credit restrictions prevent competition for scarce labour and production capacity from leading to even higher price and cost increases.

The credit market in Denmark is in no better shape than in other Scandinavian countries. Even though the economic recession has led the Danish central bank to reduce the discount rate twice this year (from 10% to 9% in January and from 9% to 8% in April), the Danish capital market still suffers from lack of capital. The domestic bond market is very small; in 1974 the net supply of bond issues amounted to less than Kr 16 billion (\$2.8 billion), the bulk of which consisted of mortgage bonds. The yield for mortgage bonds currently stands at 13% for ten- to fifteen-year maturities and 13.5% for twenty-year maturities.

The following table shows the current interest-rate levels in Sweden, Norway and Denmark, as of early May. However, interest rates themselves do not reflect the whole market tone, because they are subject to various government controls.

	<u>Sweden</u>	<u>Norway</u>	<u>Denmark</u>
Discount rate	7.0	5.5	8.0
Bank term loan	9.0	n.a.	10.5
Recent bond yields	8.5	7.5	13.5

Source: Business International Money Report,
May 8, 1975

YSP/mjo

cc: Mr. Hittmair
Mr. Deely

Deutsche Bundesbank

Deutsche Bundesbank first lent directly to the Bank in 1957. These early issues were, except for one issue in 1958, all in United States dollars. Following two simultaneous large borrowings of DM500 million and \$120 million in 1960, subsequent new borrowings and roll-overs until 1968 were split between the two currencies. Beginning in late 1968, borrowings were roll-overs in DM only, any maturing US dollar item being rolled-over in mark.

The early issues were for terms of from 1 to 3 years but during the 1960's maturities were lengthened to $4\frac{1}{2}$ to $5\frac{1}{2}$ years. More recent issues have had maturities of $4\frac{1}{2}$ and 5 years.

Interest rates first were based on U.S. Government Agency issues; those for the issues in DM in the 1960's were based on comparable German Government issues; and those for the most recent issues at a point between the two markets.

At present, the Bank has DM2,401.8 million (\$997 million) outstanding in these issues with the Bundesbank.

The Bank of Japan

The first borrowing from The Bank of Japan took place in February 1970 and subsequent borrowings providing the Bank new funds continued until 1973. In early 1974, the borrowings took the form of a roll-over operation in which BOJ agreed to roll-over all maturities coming due between April 1974 and January 1975. A similar agreement is about to be signed providing for the roll-over of maturities between June 1975 and January 1976.

Maturities of the borrowings have ranged from 3 to 5 years, 4 to 5 years and, since 1972, for 6 to 7 years.

Interest rates have been based on the yield to original subscribers of Japanese Government Guaranteed Bonds.

The Bank now has ¥356 billion (\$1.2 billion) outstanding with The Bank of Japan.

NOTE: Prior to these direct borrowings, The Bank of Japan purchased \$162 million of Japanese loans. Norges Bank during 1960-62 made similar purchases of Norwegian and Australian loans for about \$20 million. The Bank holds about \$49 million of Norwegian loans, of which \$4.0 million mature by 1976. Of the remaining \$45 million, some \$27.8 million is outstanding in U.S. dollars.

Borrowing from OPEC Countries

Abu Dhabi

UAED300 million (\$76.0 million) 8% Fifteen Year Bonds of 1974 placed with the Government of Abu Dhabi.

Iran

\$200 million 8% Ten Year Loan of 1974 and \$150 million 8% Ten Year Loan of 1974, both placed with the Imperial Government of Iran in March 1974 and October 1974, respectively.

Kuwait

No private direct placements.

The Bank, however, has had six public issues for an aggregate of KD130 million (\$449 million).

Libya

LD10 million (\$31.7 million) 8% Five Year Bonds of 1970 and LD30 million (\$101.1 million) 7-5/8% Ten Year Bonds of 1973 both placed privately with Bank of Libya. Bank of Libya has agreed in principle to rolling-over the former issue later this year.

Nigeria

\$240 million 8% Loan of 1974, due 1980/89 placed with the Federal Republic of Nigeria.

Oman

\$30 million 8% Loan of 1974, due 1989/90 placed with the Government of the Sultanate of Oman.

Saudi Arabia

\$30 million in two issues of Twenty-Six Year Bonds at 6-1/2% and 6-3/8% in 1968; SAR1500 million (\$140.6 million) 8% Ten Year Bonds of 1974; and \$750 million Ten Year Loan of 1974 all placed with the Saudi Arabian Monetary Agency.

Venezuela

\$400 million and Bs430 million (\$100 million) 8% Fifteen Year Loans of 1974, both placed with Fondo Inversiones de Venezuela (FONDO).

(The Bank has also had one public issue of Bs100 million (\$23.3 million) 7% Thirteen Year Bonds of 1974 in Venezuela).

Treasurer's Department
Securities Division
May 20, 1975

INTERNATIONAL BANK FOR
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INTERNATIONAL DEVELOPMENT
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CORPORATION

Mr. Cargill

Peter:

Attached is a revised version
of the investment authority paper.

It permits the Bank to purchase
bankers acceptances other than in
dollars and places an overall limit
of 60% of our entire portfolio in
time deposits, Federal funds and
bankers acceptances.

Gene R. 
5/20/75

cc: Mr. Goodman

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: MAY 19, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

X-2213

TEXT:
Cable No.:

FOR MR. SOEJIMA

PLEASE ADVISE BY RETURN TELEX WHETHER JUNE 11 ROLLOVER OF
BORROWING FROM BOJ IS EXPECTED TO BE AT RATE OF EIGHT POINT
SIX FOUR STOP PLEASE ALSO ADVISE YOUR BEST EVALUATION OF
FUTURE TREND AND RATES ON SUCCEEDING ROLLOVERS STOP
REGARDS

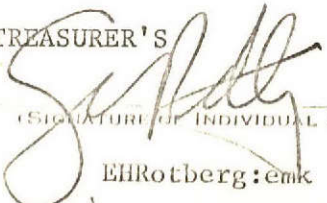
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

IMPORTANT: See Secretaries Guide for transmittal form

CLEARANCES AND COPY DISTRIBUTION:

For Use By Communications Section

Checked for Discrepancy

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *EHK per K.*

SUBJECT: DR. MAHSOON JALAL

DATE: May 14, 1975

Attached is a draft note for Dr. Mahsoon Jalal. In addition, tomorrow we will have the output from a model which shows the level of commitments which he can expect to make over a 20-year period, given a specified disbursement pattern, various rates of return on liquid funds, and subject to the constraint that the nominal value of the capital is maintained. Michaelcheck and Lane will show you this output before the close of business today and we would present it to Dr. Jalal tomorrow at 10 a.m.

Essentially, the model shows that the commitment level can rise from about \$300 million in the first year to \$1 billion by the 20th year, assuming a 10% rate of return on investments. If the rate of return on investments only averages 6%, then the commitment level rises from about \$225 million in the first year to about \$600 million a year by the 20th year. In both cases the total capital resources are kept constant at about \$3 billion. As noted, you will get more of the details somewhat later this afternoon.

I would appreciate your clearing the attached draft note so that Dr. Jalal can look it over tonight.

Attachment

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. Cargill) DATE: May 13, 1975

FROM: Eugene H. Rotberg *ER*

SUBJECT: Borrowing Prospects in Holland

The following summarizes a meeting of May 12, 1975, concerning IBRD borrowing prospects in The Netherlands:

Present: Mr. Peter C. Witte, Executive Director for
The Netherlands

Mr. Paul Arlman, Technical Assistant to
Mr. Witte and Financial
Attache for the Dutch
Embassy

Eugene H. Rotberg)
Hans C. Hittmair) Treasurer's Department
Michiel B. Levit)

We summarized our borrowing operations in recent years in Holland. These consisted of long-term public issues; private placements in the Euro-guilder market with non-residents; direct IBRD loans from commercial banks; and our Two Year Central Bank issues.

I noted that the Dutch Government had always permitted the Bank access to the Dutch markets. Recently, interest rates had declined, particularly in commercial banks where short-term deposit rates dropped from 12% to slightly over 4% over the last six months. This raised the possibility of a World Bank loan from Dutch commercial Banks similar to our operations of 1971 and 1972.

Second, we noted that the Guilder had shown strength in foreign exchange markets despite the decline in guilder interest rates and that there was considerable non-resident demand for guilder-denominated obligations.

Third, the long-term government bond market also had shown improvement (8-3/4%); that market, too, was therefore becoming attractive to us.

Finally, we noted that the Dutch foreign exchange reserves had increased 2-1/2 times since 1972. I, therefore, raised with Mr. Witte the possibility of a placement by the Bank with the Dutch Government or the Central Bank similar to our operations with the Bundesbank and The Bank of Japan. In this connection we noted the statement of Mr. Duisenberg, Dutch Minister of Finance, during our 1974 Annual Meeting, that borrowing operations in non-OPEC countries "should not be forgotten". I told Mr. Witte that a borrowing

May 13, 1975

operation with a maturity of 4 to 6 years, with a general understanding to refinance at maturity if their foreign exchange position permitted, would be consistent with our general operations in Germany and Japan. The currency of issue could either be guilders or U.S. dollars and the interest rate could be set at rates prevailing in government-to-government transactions. In this connection, I noted the lending of The Netherlands to the IMF Oil Facility at 7-1/4% with a 5-1/2 year average life.

We then discussed the ways by which the Dutch Government could meet a fall-off in its foreign exchange reserves if there were a deterioration in its terms of trade.

First, a Bank borrowing from the Central Bank or the Government itself would be a relatively small percentage of the \$4 billion currently held as foreign exchange reserves and, therefore, there should be no need to liquidate that particular instrument. Second, the Bank could, consistent with its operations, provide the right for the Dutch Government to substitute the notes into bearer bonds, which could be marketed and thereby provide liquidity. Third, the notes themselves could be transferable which would facilitate their resale to other quasi-public instrumentalities (the Bundesbank had in fact assigned some of our obligations to other German government institutions). Finally, if there should be a deterioration in the Dutch terms of trade, the Bank could recall outstanding guilders, previously disbursed on loans, which would cause an immediate increase in the Dutch foreign exchange position - thereby generating increased reserves required to finance imports.

Mr. Witte and Mr. Arlman stated that these alternatives seemed appropriate and should resolve any questions concerning the holding of an intermediate-term note.

It was agreed that the Dutch Government would be notified today of our interest in approaching the market (either through (a) a loan from commercial banks, (b) a Euro-guilder issue to non-residents and/or (c) a public long-term issue in Holland) and of our interest in negotiating a medium-term placement directly with the Central Bank or the Government, along the lines described above.

Although we did not discuss specific terms, the commercial bank loans or Euro-guilder placements normally carry a 6-8 year average life; the long-term public issues have an average life of about 12 years. I would hope we might raise at least 200 million guilders (\$84 million), through a combination of these operations. The cost should not exceed about 8.35% which is about 50 basis points below comparable costs to us in the U.S. 8-10 year market.

Mr. Witte told me that a response on some or all of these suggestions might well be affirmative in view of the considerable liquidity in Holland, their increasing foreign exchange position and their desire to demonstrate substantial support for the Bank. If the response is, in fact, encouraging, it was agreed that Mr. Hittmair would visit Holland Thursday or Friday of this week to discuss the matter with Government authorities, since he will be in Germany during this week. If the Government is not prepared to discuss this matter until later in May, I will visit Holland upon Mr. Hittmair's return.

cc: Mr. Goodman

EHRotberg:emk

OFFICE MEMORANDUM

Mr. James E. Twining, Jr.

DATE: May 12, 1975

FROM: Eugene H. Rotberg 

SUBJECT: Robert A. GARDNER

I just wanted to let you know about the superb job done by Robert Gardner and the staff of the Print Shop in connection with the printing and assembly of a paper I recently wrote for Mr. McNamara.

The document contained about 20 fold-out pages of different shapes and sizes and, despite the complexity of the job, Mr. Gardner and his staff did the job extremely quickly and with great efficiency. His suggestions were also most helpful.

cc: Personnel Records

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg 

SUBJECT: GOLDMAN SACHS

DATE: May 19, 1975

On several occasions during the last year I have received visits from Henry Fowler of Goldman, Sachs & Co. He recently has asked, based upon Goldman Sachs' expanded underwriting business and its activities in the secondary market for corporate and government securities, that Goldman Sachs be considered as one of our managing underwriters. He has supplied the attached materials which demonstrate the performance of Goldman Sachs in the fixed interest securities market.

In addition, he has asked whether it would be possible to meet with Mr. McNamara, either in New York or Washington, for the purpose of setting forth what Goldman Sachs could contribute to the World Bank as one of the managers of its public bond issues. Mr. Fowler made the point that, while our current managing underwriters performed well in the placement of our securities with large institutional accounts, he believes that Goldman Sachs could add a further dimension by better "merchandising" of the Bank. He noted that Goldman Sachs' commercial paper activities and corporate and government securities dealings in a broad range of maturities would offer advantages to the Bank by expanding the potential range of customers in the initial distribution and secondary market.

There is little doubt in my own mind that Goldman Sachs is an aggressive and extremely capable firm. Their firm (together with First Boston and A.G. Becker & Co.) is a primary dealer in short-term commercial paper. I am reasonably confident that they may have some useful suggestions and comments. While I do not believe they would provide the additional strength of, say, Merrill Lynch were we to add another lead manager, I would recommend that Mr. McNamara spend an hour seeing Mr. Fowler and his colleagues.

Attachments

cc: Mr. Goodman

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: I.P.M. Cargill

SUBJECT: Proposed Yen Borrowing

DATE: May 9, 1975

Attached for your approval is the Board document for the proposed refinancing of 42.6 billion yen borrowings maturing with The Bank of Japan from June 11, 1975 through January 14, 1976. The format of the proposed operation is the same as previous rollovers. We would obtain general approval for the operation from the Board and, after the interest rate is fixed according to the prevailing yield for Japanese Government guaranteed obligations at the time of each refinancing, the Board would be so notified.

We expect the next rollover on June 11 to be done at a cost to us of 8.64%. The U.S. dollar equivalent for the 42.6 billion yen, based on current exchange rate, is \$146.2 million.

Attachment

D R A F T
DEHarris/mh
5/2/75

R75-

FROM: The President

May 12, 1975

PROPOSED BORROWING OF YEN 42,600,000,000

1. During the period from June 11, 1975 to January 14, 1976, six Serial Obligations in an aggregate principal amount of Yen 42.6 billion which the Bank has outstanding with The Bank of Japan will mature.
2. The Bank of Japan is prepared to make a loan which would be drawn down from time to time to replace these Obligations on the date of each maturity. The Bank would have an option with respect to such withdrawals and, if exercised, each withdrawal would be in an amount not to exceed the principal amount of the respective maturing Obligation. The interest rate for each withdrawal would be fixed at the time of withdrawal and would be based on the then prevailing yield to original subscribers of Japanese Government Guaranteed Bonds adjusted to compensate for the difference, if any, between the final maturity of the loan and the final maturity of such Guaranteed Bonds.
3. The principal terms of the proposed borrowing would be as follows:
 - Principal Amount: Up to Yen 42,600,000,000 (US\$ equivalent).*
 - Drawings: At the option of the Bank, upon at least two business days' notice to The Bank of Japan, withdrawals can be made as follows:
 - ¥ 2,300,000,000 - June 11, 1975
 - ¥12,000,000,000 - July 14, 1975
 - ¥12,000,000,000 - September 22, 1975
 - ¥ 2,000,000,000 - September 29, 1975
 - ¥ 2,300,000,000 - December 11, 1975
 - ¥12,000,000,000 - January 14, 1976

Distribution:

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President, IFC
President's Council
Directors and Department Heads, Bank and IFC

*Based on the market rate
as of May 12, 1975 of
US\$1

Interest Rate: Determined as described above for each withdrawal. Interest on each withdrawal will be payable semi-annually, beginning 6 months after the date of withdrawal.

Maturity: Each withdrawal would be repaid in 3 approximately equal installments falling due 6, 6-1/2 and 7 years from the date of the respective drawing. This provides for an average life of 6-1/2 years for the loan.

4. As in the case of previous borrowings from The Bank of Japan, the loan would be represented by Serial Obligations of the Bank, issued and delivered for each withdrawal. Pending delivery of definitive Serial Obligations, The Bank of Japan would hold an Interim Certificate.

5. The Executive Directors would be notified at the time of each withdrawal of the amount withdrawn and the applicable interest rate.

6. Under the proposed borrowing, a withdrawal in the principal amount of ¥2,300,000,000 (US\$ equivalent) would be made on June 11, 1975. This withdrawal would be charged against our rephased Borrowing Program for FY75 estimated at \$3.55 billion equivalent. No further withdrawals under the proposed loan would be made during the remainder of FY75. The amount borrowed to date applicable to FY75 including the proposed withdrawal under the proposed loan would be million (see Attachment I).

7. A draft Resolution authorizing the proposed transaction with The Bank of Japan is attached as Attachment II. The draft form of agreement between the Bank and The Bank of Japan (to which are annexed the forms of Serial Obligation and Interim Certificate) is attached as Attachment III.

Robert S. McNamara

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1975

Country/Institution	Date Approved	Term (Yrs)	Average Life (Yrs)	Amount (\$m)	Yield to Initial Purchaser %	Cost to IBRD %	Recent Market Yield %
Oman (Private)	4/23/74	15	14.8	30.0	8.00	8.00	NA
Saudi Arabia (Private)	6/20/74	10	10.0	140.8	8.00	8.03	NA
Germany (Private)	7/23/74	4-5	4.5	148.0	8.50	8.50	NA
Venezuela (Private-In Bolivares)	8/13/74	15	11.0	100.0	8.00	8.01	NA
Venezuela (Private-In US dollars)	8/13/74	15	11.0	400.0	8.00	8.01	NA
Central Banks	8/13/74	2	2.0	200.0	9.00	9.00	
Japan (Private)	3/26/74	7	6.5	25.3	8.19	8.19	NA
Japan (Private)	3/26/74	7	6.5	24.1	8.19	8.19	NA
Iran (Private)	9/10/74	12	12.0	150.0	8.00	8.00	NA
Trinidad & Tobago (Private)	12/3/74	5	5.0	5.0	8.00	8.00	NA
United States	12/10/74	5	5.0	300.0	7.93	8.08	
United States	12/10/74	10	10.0	200.0	8.15	8.25	
Saudi Arabia (Private)	12/10/74	10	10.0	750.0	8.50	8.50	NA
Nigeria (Private)	12/17/74	15	10.5	240.0	8.00	8.00	NA
Japan (Private)	3/26/74	7	6.5	39.9	8.64	8.64	NA
Germany (Private)	1/28/75	4 1/2-5	4.7	129.3	8.50	8.50	NA
Japan (Private)	3/26/74	7	6.5	23.9	8.64	8.64	NA
Central Banks	2/18/75	2	2.0	240.0	6.40	6.40	
			8.1	3,146.3		8.20	
Japan-Proposed Private Issue		7	6.5	1/		8.64 ^{2/}	
			8.1				

1/ Initial draw-down under proposed Loan from The Bank of Japan.

Remainder to be withdrawn in FY76.

US dollar equivalent based on the market rate as of May 12, 1975 of US\$1 =

2/ Preliminary estimate based on current market conditions.

NA= Price not available.

Projected Average Returns/Costs on IBRD Assets and Liabilities FY75^{1/}

	Estimated Balances as of June 30, 1975 (in \$ billions)	Returns/Costs ^{2/} (in %)
Cash and Securities	5.3	8.2
Receivable from disbursed loans	12.2	6.4
Other assets	.6	-
Total assets	18.1	6.7
Funded debt	12.5	7.2
Other liabilities	.3	-
Capital and reserves	5.3	-
Total liabilities and capital	18.1	5.0

1/ As shown in Monthly Financial Report A2 as of March 31, 1975.

2/ Current yields/costs are Cash and Securities
Funded Debt

7.72%
7.07%

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg

SUBJECT: Japanese Rollover *ER*

DATE: May 8, 1975

Attached you will find (a) a cover note from Cargill to Hori, (b) letter from Cargill to Minister of Finance, Japan, (c) covering memorandum and resolution from McNamara to the Board authorizing the operation.

These matters relate to the agreement by The Bank of Japan to refinance all obligations maturing between now and March 1976. We would seek Board approval for the entire operation and, consistent with past practice, notify the Board after each rollover is done of the interest rate. We plan to sign the Agreements in Tokyo on May 29. The first rollover will occur on June 11. While we do not know the interest rate, we expect it will be at the current rate applicable to government-guaranteed securities with a 6-1/2 year maturity -- 8.64%.

It will be appreciated if you would O.K. the documentation and transmit it, with your approval, to Mr. McNamara so that we might distribute the documents and schedule the Board meeting for May 20, 1975.

cc: Mr. Goodman

Attachments

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman
FROM: Eugene H. Rotberg *ER*
SUBJECT: Bank and IDA Investment Authority

DATE: May 9, 1975

Attached is a draft memorandum to the Board on Bank and IDA investment authority which has been approved by the staff from the Treasurer's Department and Messrs. Broches and Nurick. I propose the following procedures:

- (1) I would like the benefit of your views and comments as early as possible next week so that revisions might be made and the document submitted to Mr. McNamara for his review.
- (2) I propose that we discuss the paper informally, if you approve the substance, with the U.S. Treasury and The Federal Reserve Bank of New York before the document is circulated to the Board.
- (3) A Board meeting should be scheduled this fiscal year to permit us to use the additional authority commencing July 1, 1975.

The major recommendations would allow us to (a) place U.S. dollar deposits in branches of U.S. banks outside the United States, (b) purchase government obligations denominated in dollars other than that of the U.S., and (c) deal in banker acceptances and in the federal funds market. These changes should considerably increase our investment income with little or no change in credit risk.

EHRotberg:jcv

Attachment *(see file)*

cc: WCH

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg 

SUBJECT: Some Random Thoughts Concerning Liquidity OR Is It All Just
Water Over The Dam

DATE: May 7, 1975

1. Resource gap for five year period FY76/80:
 - (a) \$22 billion gross borrowing;
 - (b) \$15.3 billion net borrowing (increase in debt);
 - (c) At the end of five-year period liquidity will have risen by only \$2.2 billion under our liquidity policy despite gross borrowing of \$22 billion. The difference of \$20 billion, plus net income and loan repayments, will have been used to meet the forecast disbursements and debt repayments over the five-year period.
 - (d) Currently, liquidity is 141% of the resource gap for the following year. By 1980 it will decline to 115% of the following one-year resource gap.
2. Resource gap for ten year period FY76/85:
 - (a) \$60 billion gross borrowing;
 - (b) \$46 billion net borrowing (increase in debt).
3. Currently, we hold liquidity equal to 201% of next year's disbursements and 54% of total undisbursed loans. By 1980 respective percentages will be 122% and 35% and by 1984 111% of FY85 disbursements and 31% of total undisbursed loans. Thus, our liquidity, over time, declines relative to our requirements despite a substantial and increasing borrowing program.
4. Neither changes in net income nor increased capital can substantially narrow the resource gap because the level of projected new loan commitments (and the disbursement and repayment schedules derived therefrom) far exceed projected resources from new capital or retained income.

May 7, 1975

5. The borrowing program, a residual concept derived from our lending program, is therefore looked to finance the resource gap. The program contemplates that we will more than double our outstanding debt in the next five years as compared to level reached over the prior 28 years, and increase it by approximately 5 times over next 10 years. This requires multiple increases over the high net borrowing operations in Germany, Japan and OPEC in the last five years. If the borrowing program were to succeed in only quadrupling our net borrowing program in the next 10 years over the levels reached in the first 28 (rather than increasing fivefold), we would be insolvent.
6. Reductions in a lending program because of perceived difficulties in borrowing sufficiently to meet the resource gap must take place three years before the problem develops to have any significant effect.

EHRotberg:jcv

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
Mr. Raymond J. Goodman

DATE: May 7, 1975

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SUBJECT: Some Random Thoughts Concerning Liquidity OR Is It All Just Water Over The Dam

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May 7, 1975

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bcc: NC+1
Cabinets

EHRotberg:jcv

Chron



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



May 6, 1975

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

Dear Mr. Suzuki:

Receipt is hereby gratefully acknowledged
for the April issue of IBJ's BOND MARKET REPORT.

As always, IBJ's monthly report is most
interesting reading, and I do appreciate your
kindness in continuing to send these reports to
me.

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

cc: Dr. Park

Chron



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



May 5, 1975

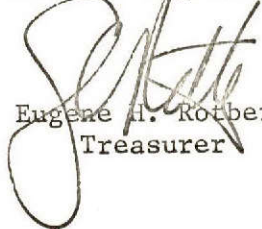
Mr. Giuseppe Trovato
New York Representative
Banco di Sicilia
1 Wall Street
New York, N.Y. 10005

Dear Mr. Trovato:

I would like to express my appreciation to you for the beautiful art book "Oreficeria di Sicilia" which you were kind enough to send me. I look forward to spending many happy hours with it.

Again many thanks for your thoughtfulness in remembering me.

Kindest regards,


Eugene H. Rotberg
Treasurer



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



May 5, 1975

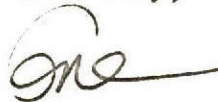
Dear Bill:

Because of my various travels I have not had a chance to write you and thank you for your thorough and excellent research on the German and Dutch investment markets. We read your paper with great interest and found it most useful.

As far as Belgium and Denmark are concerned, we do not have a large cash flow at the moment so there is no immediate need for research. We will keep in touch.

Many thanks for your contributions and the best to you and your wife.

Sincerely,


Gene

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



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



May 5, 1975

Dr. Johannes Mühl
Chairman of the Board
Deutsche Girozentrale-
Deutsche Kommunalbank
Taunusanlage 10
6 Frankfurt am Main, Germany

Dear Dr. Mühl:

It was with regret that I learned of your forthcoming retirement as Chairman of the Board of Management of the Deutsche Girozentrale-Deutsche Kommunalbank. I hope that we will meet again in the near future and I wish you many years of good health and much happiness.

It was indeed a pleasure and honor to have worked with you and I look forward to maintaining a continued happy relationship with your successor.

Best wishes and kindest personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Chron



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



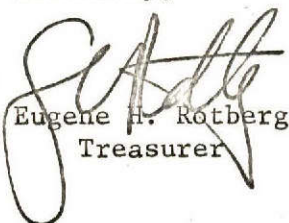
May 5, 1975

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

Dear Dr. Martin:

I have just returned from a trip abroad and must apologize for not writing before this to thank you for the beautiful pewter mug which you gave me when I visited your College last month. It was a pleasure meeting with you and your colleagues and students and with the group of bankers. Again many thanks.

Sincerely,


Eugene H. Rotberg
Treasurer



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



May 5, 1975

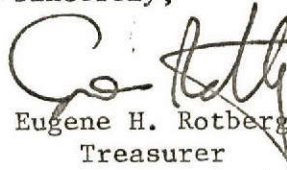
Dear Paul:

I was delighted to receive the official announcement of your new appointment as President and Chief Executive Officer of the Federal Reserve Bank of New York. Let me express to you, both personally and on behalf of the World Bank, my warmest congratulations and best wishes for your future success. I look forward to a long and continued association with you in your new position.

Iris joins me in sending best wishes to you and Barbara.

Kindest personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Mr. Paul Volcker
2936 Cleveland Avenue, N.W.
Washington, D.C. 20008

chron

OFFICE MEMORANDUM

TO: Mr. I. P. M. Cargill
DATE: May 5, 1975

FROM: Eugene H. Rotberg *ER*

SUBJECT: Summary of Meetings in Frankfurt - April 30, 1975 - Deutsche
Bundesbank; Deutsche Bank

Present for Bundesbank: Johannes Tüngeler
(Managing Director);

Dr. Heinrich Irmeler
(Chief, Capital Markets
Division)

The purpose of the meeting with the Bundesbank was to advise them of our potential borrowing program for the next three months in Germany. I advised them that we were considering three separate operations:

- (1) A DM 250 million public issue managed by the Deutsche Bank (10-year maturity);
- (2) A private placement of DM 150 million placed by the Deutsche Bank (7-year maturity); and
- (3) A DM 150 million private placement with the Deutsche Genossenschaftskasse, with 3, 6, 9 and 12-year maturities.

I noted that we had not borrowed in the German public markets for about two years; that we believed it necessary and advisable to maintain a program of diversification for sources of funds; that we were prepared either to convert funds borrowed and disburse them on loans or if they preferred, to place the proceeds in German Government bonds. I noted that the proposed two operations - a private placement and a public issue - through the Deutsche Bank would be placed about equally with nonresidents and residents and that virtually all of the placement with the Deutsche Genossenschaftskasse (other than the refinancing of the maturing DM 38 million on July 1, 1975) would be placed privately with private or quasi-governmental "bank cooperatives" throughout Western Europe who finance local industrial and agricultural projects and who now have access to considerable short-term liquid resources.

The Bundesbank responded positively to the proposals with the understanding that (a) the matter would be discussed, and of course cleared, with the Economics Ministry, (b) the timing would be arranged

May 5, 1975

within the next 2-3 months so as not to interfere with the financing of the substantial German Government deficit, and (c) the placements through the Deutsche Genossenschaftskasse would, for the most part, be done outside of Germany with institutions who do not normally purchase German Government obligations. Tüngeler and Irmeler emphasized their strong support of the Bank but observed that the amounts we sought to borrow were large in the context of the permissible borrowings by nonresidents (DM 650 million a month--including international institutions) and the needs of the German Government at this time. In this connection, they said they would prefer to delay any final decision on how we might invest the borrowed funds since, although they did not wish to see their foreign exchange increase because of an inflow of capital from nonresidents (the potential buyers of our bonds might sell dollars to the Bundesbank for DM in order to purchase our bonds), they realized this could be offset by our immediate conversion and disbursement of the proceeds. On the other hand, they were attracted by the suggestion that the Bank could reinvest the proceeds in German Government obligations and thus participate in the financing of their government deficit.

Tüngeler and Irmeler expressed the view, which was later confirmed by the Deutsche Bank, that it would be difficult for the Bank to issue bonds of a 10-year maturity - that there was no market for such bonds at any reasonable rate. The German Government was unable to finance itself with maturities greater than 8 years. I told them I envisioned a coupon of 8-1/4% -- yield to investor 8.09%, which they accepted as reasonable. They expressed the view that we might have to wait a bit before that yield could be obtained in the market place. I noted that the three operations, which aggregated the equivalent of \$231 million in three months, was part of a borrowing program which contemplated several additional operations in our FY76. They suggested that we keep them advised each quarter concerning our plans.

* * * *

Meeting with Deutsche Bank - April 30, 1975

Present: Dr. Hans Feith (Managing Director);

Dr. Peter Grasnick (Director)

During the last several weeks representatives of the Deutsche Bank have discussed with us the possibility of DM issues and capital

market conditions in Germany. The following summary reflects the views of the Deutsche Bank as of April 29.

First, it is not possible to do a public issue with a 10-year maturity at any interest rate which would be reasonable - considering our high standing in the market place. And even at very high interest rates the issue could not be in excess of DM 100 million, and even then with little assurance of a successful placement. (It is German banking practice to take unrealized losses in the bond market through the current income account; therefore, banks are now extremely reluctant to investment in long-term bonds in view of the general expectation that prices of longer term bonds will decline in response to increasing borrowing by government and industry, and the overall strengthening of the German economy.) Feith said however that by mixing investors from both within and without Germany that we could market an issue with an eight year maturity. He could not, however, now market the issue to yield 8.09% (8-1/4% at par, interest payable annually), but suggested that the market possibly would reach that level within a month. Currently, the market yield would be about 8.33%. He suggested therefore that we immediately proceed with the documentation and have the public issue of DM 250 million ready to go if the market continues to improve. Second, Feith asked whether we would object if the seven year private placement were done primarily with institutions in the Mideast. I advised him we did not want the placement done in the Mideast - that we were negotiating directly and had no need for an intermediary. He said that he assumed that to be our position and would therefore suggest that the public issue and the private placement be separated by a week or two, i.e., the public issue in late May and the private placement in early June.

The total cost of an 8-year public placement at 8-1/4% would be 8.45%, assuming a 1-3/4%^{1/} commission. The cost of the 7-year private placement would result in a cost of 8.37%, assuming an annual coupon of 8-1/4%, and a commission of 1-1/4%. I advised Feith that the Deutsche Genossenschaftskasse placement - average life of six years - would be done without an "underwriting" since the obligations were to be purchased directly by the "cooperative banks"; the overall cost of that operation was likely to be about 8.20.

^{1/} The 1-3/4% commission is applicable to our 10-10-1/2 year bond issues. Although I did not do so in Germany, I will seek to negotiate a lower underwriting commission in consideration of the shorter maturity rate for an 8-year issue.

Mr. Cargill

- 4 -

May 5, 1975

We also discussed the possibility of a special note issue, rather than a bond issue, which would not be listed on the Stock Exchange and which, under German law could be held at par on the books of financial corporations, thereby removing some of the concern about long-term investment. The Deutsche Bank will explore this possibility in the next week or two in an effort to extend the life of the issues.

Feith had no objection to a placement with the Deutsche Genossenschaftskasse so long as it was placed outside Germany with quasi-public institutions. He concluded the meeting by observing that the Deutsche Bank was prepared to place between DM 800 million to one billion DM (\$341.0 million to \$426.2 million equivalent), in addition to the DM 400 million we were now considering with them in the eleven months July 31, 1975 to June 30, 1976.

* * * *

I recommend that we proceed with the three operations, DM 550 million (\$231 million equivalent), if the average life is not less than seven years; yield to the investor about 8.15%; total cost to the Bank 8.35%.

cc: Mr. Goodman

EHRotberg:jcv

Chron



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



April 28, 1975

Miss Leona Seldow, Secretary
Beta Gamma Sigma
Theta of New York
Hofstra University
School of Business
Hempstead, N.Y. 11550

Dear Miss Seldow:

Thank you for your letter of April 14 inviting me to be a guest at the Seventh Annual Installation Dinner of the Hofstra University, School of Business Chapter of Beta Gamma Sigma, Theta of New York, on Thursday, May 8. Unfortunately, due to the fact that I will be out of the country at that time, it will not be possible for me to be with you on this happy occasion. I appreciate your thoughtfulness in inviting me and wish you a very pleasant evening.

Sincerely,

(signed) Eugene H. Rotberg
Eugene H. Rotberg
Treasurer

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill

FROM: Eugene H. Rotberg *ER*

SUBJECT: FY76-80 Borrowing Program

DATE: April 25, 1975

The tentative borrowing program FY76/FY80 to be incorporated into the forthcoming budget paper is set forth below:

	<u>FY75</u>	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>
Borrowings	3550	3550	3700	4000	4750	5750
Liquidity	5350	5950	6350	6850	7250	7500
- as % 3 years borr. req.	55%	53%	48%	43%	41%	40%

The purpose of this note is to comment upon the proposed phasing of the program. I think it is fair to say that none of us is comfortable with the phasing of the borrowings. As may be observed, the program contemplates a \$450 million increase in gross borrowings for the three-year period FY75/FY78 and a \$1.75 billion increase for the two-year period FY78/FY80 - a sharp acceleration toward the end of the period. The borrowing program assumes no Third Window and an increase in usable paid-in capital of \$725 million in the years FY77-79. If the Third Window were to become effective and/or the projected capital increase not made available, this would result in substantial further borrowings (about \$1.3 billion) toward the end of the period and particularly in FY78, 79 and 80.

I think we also conclude that OPEC is more likely, given our projections of their surplus resources, to be a more predictable supplier of resources toward the beginning of our five-year program, rather than later. Finally, given our substantial lending program, it would seem preferable to test the markets both in OPEC and elsewhere, sooner, rather than later.

These are matters of substance concerning which we all agree. However, even the tentative program, as set forth above, shows substantial holdings of liquidity in FY76 not declining to target levels until FY79. If we were to rephase that program by increasing our borrowings in the next few years and decreasing them toward the end of the period, the current liquidity level would even be higher than shown above and would decline to our target 40% even more slowly. The Board may raise questions as to why we are departing from our expressed policy -- indeed they may even raise that question under the program as shown above. We may, of course, include in the paper an "escape" clause, similar to the ones previously used, to the effect that if borrowing opportunities present themselves management might recommend borrowings over the levels

April 25, 1975

contemplated in the FY76 and FY77 program. My own view is that it is preferable, even from a tactical point of view, to face up to the problem that we may have to borrow at high rates, and set forth a borrowing program which we think is financially prudent, rather than to seek approval for "excess" borrowings at "high" rates. I think it is easier to obtain Board approval, without divisive meetings, if the borrowings are contemplated in the program and the possibility of high rates referred to in the paper. If the Board is concerned about upward pressure on the lending rate because of the cost of borrowings, that issue should be faced on its merits. The timing of our gross borrowings will not provide any answers to that kind of issue.

Nonetheless, we are still faced with the problem of how to explain the substantial increased liquidity and there is no easy answer. We can observe, though, that the costs of carrying liquidity in the past have been considerably lower than projected and, indeed, in FY75 there will be a positive advantage to holding liquidity. We could also explain that the liquidity policy itself needs some tinkering through rephasing of borrowings because of the magnitudes of the borrowing program in the later years and the risks attendant to it. We might also note that the "40%" level provides less protection in FY80 vis-a-vis our undisbursed commitments than our current liquidity position, etc. My recommendation, on balance, after evaluating our operational requirements over the period (including the Board's potential reaction to "excess" borrowings at possibly high rates in FY76 and FY77) is to opt for a rephasing which would take about \$750 million of gross borrowings from FY79 and FY80 and place them into FY76 and FY77.

One further point: The marginal increase in such a rephased program does not mean that we will necessarily be borrowing from the most expensive resources. A substantial portion of our borrowings (Two Year Central Bank issues, Bundesbank rollover, The Bank of Japan rollover) are often done at the highest rates and the forgoing of borrowings may, in fact, result in the forgoing of lower cost operations.

cc: Mr. Goodman
Mr. Adler

EHRotberg:emk

Chrow

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: FY76-80 Borrowing Program

DATE: April 24, 1975

The table attached (Case I) shows the projections to be incorporated in the forthcoming budget paper for gross borrowings FY75/FY80. Note that gross borrowings increase by only \$450 million in the three year period FY75/FY78 but increase by \$1,750 million in the two years FY78/FY80. I still have reservations about this phasing even though the paper will contain an "escape" clause to the effect that, if opportunities present themselves, we might increase our borrowings over the amounts projected. In view of the massive increase in our lending program and amounts to be borrowed overall, we should test the market as soon as possible at current rates to determine whether we are successful. Further, any failure to receive increased capital or to finance the Third Window will fall toward the end of the five-year period and further increase our borrowing program for the later years.

Attachment

cc: Mr. Adler

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. John H. Adler, Director, P & B.
Mr. E.H. Rotberg, Treasurer.
FROM: L. David Taylor *LDT*
SUBJECT: FY76-80 Borrowing Program

DATE: April 23, 1975

*A slightly altered
version of what you
saw before.
No comments
necessary unless
you have any
additional ones.*

Ben Hui has calculated the following two borrowing programs. The two cases differ in two respects. The first program is based on FY76 borrowings not less than FY75 borrowings, whereas the second program assumes FY76 borrowings at the presently projected level. In addition, the first program pays more attention to smooth increases in the levels of borrowing through FY80, while the second emphasizes achieving the 40% liquidity target. Both programs assume disbursements of \$2.5 billion in FY76, no Third Window, and an increase in subscribed capital roughly in line with the proposed increases in Fund quotas, resulting in an increase in usable paid-in capital of \$725 million, arriving in equal installments in the years FY77-79. Any shortfall in the anticipated receipts of paid-in capital would result in a corresponding increase in the borrowing program.

*Our runs
will be much
wider than I.*

DT

May we have your reactions?

	<u>FY75</u>	<u>FY76</u>	<u>FY77</u>	<u>FY78</u>	<u>FY79</u>	<u>FY80</u>
<u>Case 1</u>						
Borrowings	3550	3550	3700	4000	4750	5750
Liquidity	5350	5950	6350	6850	7250	7500
- as % 3 years borr. req.	55%	53%	48%	43%	41%	40%
<u>Case 2</u>						
Borrowings	3550	3200	3600	4150	4800	6000
Liquidity	5350	5600	5950	6550	7000	7500
- as % 3 years borr. req.	55%	50%	44%	42%	40%	40%

cc. Mr. Hui
Mr. Schulmann
Mr. Wood

LDTaylor:em

OUTGOING WIRE

EHR, Chron

TO: GOVERNOR SHERLALA
BANKLIBYA
TRIPOLI

DATE: APRIL 24, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: LIBYAN ARAB REPUBLIC

TEXT:
Cable No.:

FURTHER TO OUR DISCUSSIONS IN DECEMBER 1974 CONCERNING BORROWINGS BY
THE WORLD BANK IN LIBYA I WOULD LIKE TO RAISE THE SPECIFIC QUESTION
OF OUR EIGHT PERCENT LIBYAN DINAR BONDS OF 1970 WHICH WILL MATURE ON
NOVEMBER 16 1975 STOP WE WOULD HIGHLY APPRECIATE YOUR AGREEMENT IN
PRINCIPLE THAT WITHIN THE BORROWING PROGRAM OF THE WORLD BANK IN
LIBYA THIS SPECIFIC ISSUE WILL BE REFINANCED THROUGH A NEW ISSUE
OF LIBYAN DINAR TEN MILLION STOP PROVIDED YOU AGREE TO THIS PROPOSAL
WE COULD IMMEDIATELY TAKE UP DISCUSSIONS IN TRIPOLI CONCERNING TIMING,
FORM AND GENERAL TERMS AND CONDITIONS OF SUCH A FINANCING OPERATION
AND ALSO REVIEW PLANS FOR OTHER BORROWING OPERATIONS IN LIBYA STOP
PLEASE ADVISE US ON THE REFINANCING OF THE MATURING ISSUE AND ALSO
INDICATE TO US A CONVENIENT TIME FOR THE SUGGESTED DISCUSSIONS STOP
BEST REGARDS TEST 689

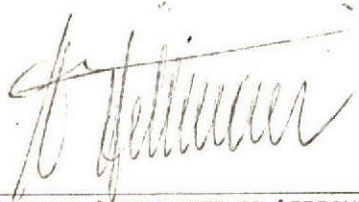
CARGILL
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H.C. Hittmair

DEPT. Treasurer's

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Cleared with and cc: Mr. Cargill

cc: Messrs. Rotberg, Hittmair, de Boeck,
Uhrig

For Use By Communications Section

Checked for Dispatch: _____

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: APRIL 24, 1975

CLASS OF
SERVICE: TELEX

X-2213

COUNTRY: FRANCE

TEXT: FOR CARRIERE
Cable No.:

THANK YOU FOR INFORMATION ON EUROGUILDER NOTES STOP THE COST
APPEARS SOMEWHAT TOO HIGH FOR EUROGUILDER PLACEMENT RELATIVE TO
OTHER BORROWING OPPORTUNITIES STOP APPRECIATE YOUR ADVICE AND
EVALUATION OF MARKET CONDITIONS STOP IN VIEW OF CONSIDERABLE
LIQUIDITY IN DUTCH BANKS WE MAY CONSIDER APPROACHING TOP 3 BANKS
IN SEVERAL MONTHS FOR A DIRECT BANK LOAN WHICH WOULD BE USED TO
REPAY EUROGUILDER ISSUE WHICH MATURES DECEMBER 1975 STOP KINDEST
REGARDS STOP

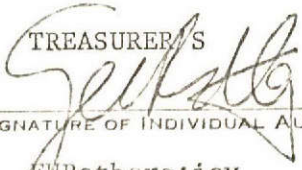
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

EPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:jcv

ORIGINAL (file Copy)

(ATTENTION: See Supplementary Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Hittmair

For Use By Communications Section

Checked for Dispatch

OFFICE MEMORANDUM

TO: Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg

SUBJECT: Prospective Borrowings

DATE: April 23, 1975

This will summarize our plan of action with respect to the matters set forth below:

Central Bank Issues: FY76

We propose to increase the September issue by \$105 million to a total of \$275 million and to increase the March issue by \$67 million to a total of \$325 million. To this end, I will call a meeting of the Regional Vice Presidents in order to get their views on who will approach the Governors of the various Central Banks sometime in the month of July or August to apprise them of our plans and their prospective commitment to these issues. The increase would be part of an overall program to increase the amount of our outstanding Two Year Central Bank issues to about \$2 billion by 1980.

Mr. McNamara should "sign off" on the proposal to substantially increase our issues before actual discussions with Central Banks begin.

Bundesbank

Mr. McNamara should discuss with Governor Klasen of the Bundesbank an increase in Bundesbank holdings of World Bank 4-1/2 year bonds. They have not increased the amount of their holdings since 1960, though their reserves during that period have tripled. I will send you a briefing paper on this matter at the time of the Annual Meeting.

Libya

A cable has been prepared for Mr. Cargill's signature to Governor Sherlala suggesting discussions for the purpose of refinancing a maturing Libyan Dinar issue in November 1975 and also raising the overall question of other borrowings with them. If these issues were to be done, they would be settled in FY76 and allocated to the FY76 borrowing program. If a favorable response is forthcoming, I would propose that Hans Hittmair, Mohamed Kochman and Joseph Uhrig visit Libya immediately thereafter.

Germany

We can do a private placement for seven years at a cost to us of 8.35% (150 million Deutsche mark) and a public issue for 12 years at a

Mr. I.P.M. Cargill
Mr. Raymond J. Goodman

- 2 -

April 23, 1975

cost to us of about 8.60% (250 million Deutsche mark). I propose that either I or Hans Hittmair will visit with the Deutsche Bank in early May to discuss the matter with them, with the proviso that we will do the issues only if the longer-term market improves so as to result in a total cost to us not in excess of 8.35%.

I understand that Mr. Cargill will visit with the Ministry of Finance in Bonn to discuss the "Third Window" and other matters on May 2 and, at that time, obtain their reaction to our proposed DM borrowing operations.

Swiss Market

We are still waiting for a reaction from Gulf Oil on their views on interest rates for a six to ten year private placement. No decision is, therefore, required by us at this time.

The Swiss long-term public market is strong. Either Hans Hittmair or I will visit with Lutweiler of the Swiss National Bank and with our Underwriters for the purpose of arranging for a public issue this fiscal year. Currently, the yield to the public would be below 7-3/4% and the cost to us somewhere between 8.10% and 8.20%. The amount of the borrowing would be 100 million Swiss francs.

Holland

I will advise Carriere that the rates quoted in the Euro-guilder market seem high at the present time and that, in view of the fall-off of commercial bank interest rates in Holland, we should talk to them in several months about a direct Bank loan which would, in effect, be used to repay our maturing 60 million Guilder obligation on December 31, 1975.

Iran

Mr. Cargill will cable Iran for the purpose of obtaining their reaction to a borrowing of \$200 million this fiscal year. I would urge suggesting an 8% rate because, although the long-term market in dollars has deteriorated in the United States, the short-term rates remain at the 6% level -- unlike the previous situation when we were competing with 10 to 12% short-term rates in the Eurodollar market as alternative investments for Iran.

FY76-80 Borrowing Program

John Adler and I have gone over the FY76 borrowing program and he is in the process of "rephasing" the program so as to increase the borrowings in FY76 (to \$3.85 billion) and FY77 (to \$3.85 billion) and thereby reducing somewhat the substantial increase for FY78 and FY79. John should have a "final" version in the next day or two.

cc: Mr. Hittmair

EHRotberg:emk

Chron

OFFICE MEMORANDUM

TO: Mr. John H. Adler

DATE: April 23, 1975

FROM: Eugene H. Rotberg *Eur*

SUBJECT: Dave Taylor Memo: Alternative Borrowing Programs for FY 76/80

I would much prefer "Case I" which projects a 3.55 billion program for FY 76. My reasons are as follows:

1. Case II projects a substantial acceleration in net borrowing toward the end of the five-year period. I think it is too risky. Too much bunching.

2. The absolute reduction in gross borrowing in Case II between FY 75 and 76 won't permit us to test OPEC inclinations to lend to the Bank and our ability to tap large amounts in the U.S. early in the five-year program. If we are to have difficulties, we should find it out sooner when our new lending program is still in its early stage rather than later.

3. Any slippage in the borrowing program in any year after '76 will only add to the already skewed amounts which we have to borrow under Case II.

4. I have considerable reservations about the disbursement projection for FY 76. I think they are too low. As you may recall, the FY 75 projection on which we partially based our '75 borrowing program will turn out to be about \$300 million too low, and I am concerned that we have the same bias for FY 76 and possibly thereafter. As a result, the net gap will be larger than we anticipate.

5. The assumption of the availability of usable capital of \$725 million during the five-year period is also doubtful. Yet, if we reduce our borrowing in FY 76, we may find ourselves having to make up another \$725 million on top of the substantial amounts contemplated in Case II for the latter years of the program.

6. The Third Window is a possibility. That, too, therefore, adds to our borrowing requirement.

7. In general, it seems a bit difficult to justify the expansion of our lending and making optimistic assumptions about other sources of funds, while at the same time reducing our gross borrowing in the first year of the new program. In view of all these uncertainties, I just think that the more we can test the markets and find out where we stand early in the game the better. I think it is not worth the candle to cut down on the borrowings in FY 76 merely to reduce our liquidity position by 3 or 4 percent in FY 76 and 77. As you may observe, under either proposal we reach essentially the same liquidity ratio by FY 78.

EHR:CE

cc: Mr. David Taylor

Chron

OFFICE MEMORANDUM

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

FROM: Eugene H. Rotberg *ER*

SUBJECT: Statement of Portfolio Yields: March 31, 1975

DATE: April 22, 1975

Attached is the statement of portfolio yields as of March 31, 1975. We have included on the cover page, in addition to the book yields, the annualized rate of return for the dollar portion of the portfolio and the realized income on our entire portfolio for the most recent month, quarter, and cumulative from the beginning of the fiscal year.

There is also included, page 4, a Summary showing the book value, market value and unrealized gain or loss for the various investments in our U.S. dollar portfolio. If you wish to have the details (broken down by individual securities) applicable to the U.S. dollar portfolio, please advise.

A major change in the portfolio has been the performance of the long-term U.K. market. On December 31, 1974 the market yields for our 1982/84 and 1984/86 bonds were 14.8% and 15.8% respectively. By March 31, 1975 prices had increased by about £18 on average for these bonds, resulting in a market yield of 10.9% and 11.3% respectively.

The U.S. intermediate-term market has deteriorated further since March 31. As of that date about 80% of our dollar portfolio matured in less than one year; the average life of all dollar investments was slightly less than one year. Though our rate of return is likely to decline in the next several months, the relatively short maturity of the portfolio will protect us against substantial loss. Further, we are reasonably well situated to shift into longer-term instruments. Currently, although we could purchase five-year U.S. Agency securities at about 8-1/4%, we do not believe that a commitment is justified at these levels. There are now no buyers in the market for intermediate-term securities in the face of the substantial U.S. Treasury financing over the next month. It is our judgment that the Federal Reserve Bank will not act in a manner which will accommodate the Treasury financing and other potential loan demand at current interest rate levels.

Attachment

cc: Mr. Goodman
Mr. Adler *✓*

EHRotberg:emk

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: APRIL 22, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.: FOR STEWART

NO SPECIFIC SUBJECTS LIKELY TO BE RAISED BY ADB STOP PLEASE
EXPRESS OUR WILLINGNESS TO ASSIST THEM IN ANY WAY THEY WISH
WITH RESPECT TO FINANCIAL PLANNING, INVESTMENT OF LIQUID
RESOURCES, EXCHANGE OF INFORMATION ON BORROWING OPERATIONS,
ETC. REGARDS

ROTBERG

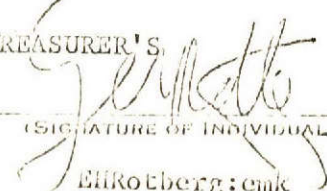
NOT TO BE TRANSMITTED

AUTHORIZED BY:

CLEARANCES AND COPY DISTRIBUTION:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ROTBERG:emk

For Use By Communications Section

ORIGINAL (File Copy)

(BAP:RENT) See Secretaries Guide for proper routing

Checked for Dispatch

Chron



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



April 22, 1975

Mr. William G. Moller, Jr.
Director, Public Finance Institute
Graduate School of Business
Administration
The University of Michigan
Ann Arbor, Michigan 48104

Dear Mr. Moller:

With reference to our conversation
on the telephone last week, I am enclosing
herewith a biographical sketch of
Mr. Rotberg which you may wish to use in
connection with his visit on June 20.

Sincerely,

Edith Kestel

Secretary to
Mr. Rotberg

Encl.

Chron

OFFICE MEMORANDUM

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

DATE: April 22, 1975

FROM: Eugene H. Rotberg *EHR*

SUBJECT: Statement of Portfolio Yields: March 31, 1975

Attached is the statement of portfolio yields as of March 31, 1975. We have included on the cover page, in addition to the book yields, the annualized rate of return for the dollar portion of the portfolio and the realized income on our entire portfolio for the most recent month, quarter, and cumulative from the beginning of the fiscal year.

There is also included, page 4, a Summary showing the book value, market value and unrealized gain or loss for the various investments in our U.S. dollar portfolio. If you wish to have the details (broken down by individual securities) applicable to the U.S. dollar portfolio, please advise.

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The U.S. intermediate-term market has deteriorated further since March 31. As of that date about 80% of our dollar portfolio matured in less than one year; the average life of all dollar investments was slightly less than one year. Though our rate of return is likely to decline in the next several months, the relatively short maturity of the portfolio will protect us against substantial loss. Further, we are reasonably well situated to shift into longer-term instruments. Currently, although we could purchase five-year U.S. Agency securities at about 8-1/4%, we do not believe that a commitment is justified at these levels. There are now no buyers in the market for intermediate-term securities in the face of the substantial U.S. Treasury financing over the next month. It is our judgment that the Federal Reserve Bank will not act in a manner which will accommodate the Treasury financing and other potential loan demand at current interest rate levels.

Attachment

cc: Mr. Goodman
Mr. Adler

EHRotberg:emk

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: MR. ALAN HOLMES
EXECUTIVE VICE PRES.
FEDERAL RESERVE BANK OF NEW YORK
33 LIBERTY STREET
NEW YORK, NEW YORK 10045

DATE: APRIL 22, 1975

CLASS OF
SERVICE: TELEX

COUNTRY:

TEXT:
Cable No.:

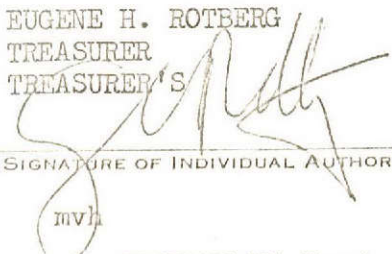
ON BEHALF OF THE WORLD BANK GROUP I WOULD LIKE TO CONGRATULATE
JOSEPH COYLE ON THE OCCASION OF HIS RETIREMENT AND TO EXPRESS OUR
THANKS FOR THE MOST VALUABLE HELP AND ADVICE WHICH HE HAS GIVEN TO
US OVER THE YEARS. ~~XXXX~~ HIS HIGH STANDARD OF PROFESSIONALISM
HAS MADE A SIGNIFICANT CONTRIBUTION TO THE U.S. CAPITAL MARKETS.
WE WISH HIM THE VERY BEST IN HIS FUTURE ACTIVITIES.

EUGENE ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG
TREASURER
DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: mvl

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Chen

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: APRIL 22, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT: FOR STEWART
Cable No.:

NO SPECIFIC SUBJECTS LIKELY TO BE RAISED BY ADB STOP PLEASE
EXPRESS OUR WILLINGNESS TO ASSIST THEM IN ANY WAY THEY WISH
WITH RESPECT TO FINANCIAL PLANNING, INVESTMENT OF LIQUID
RESOURCES, EXCHANGE OF INFORMATION ON BORROWING OPERATIONS,
ETC. REGARDS

ROTERBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *Eugene H. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

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

Mr. McNamara

Re: Investment Advice to
Other Countries

It was the Executive Director
from Argentina (Tersoglio) who
raised the question after I had
described to the Board how we
managed our liquid assets. (See
attached Extract).

Gene Rotberg
April 21, 1975



Record Removal Notice



File Title Eugene H. Rotberg - Chronological Records - Volume 15 - April - June 1975		Barcode No. 1858118		
Document Date January 15, 1974	Document Type Board Record			
Correspondents / Participants President Robert McNamara, Mr. Tersoglio				
Subject / Title EXTRACT FROM TRANSCRIPT OF PROCEEDINGS OF JOINT MEETING OF THE EXECUTIVE DIRECTORS OF THE BANK AND IDA -- JANUARY 15, 1974				
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. <table border="1"><tr><td>Withdrawn by K. Brenner-Delp</td><td>Date June 26, 2025</td></tr></table>	Withdrawn by K. Brenner-Delp	Date June 26, 2025
Withdrawn by K. Brenner-Delp	Date June 26, 2025			

OUTGOING WIRE

*Chen*TO: INTBAFRAD
TOKYO

DATE: APRIL 21, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.: FOR STEWART

I HAVE TODAY SENT FOLLOWING TELEX TO ASIANBANK:

QUOTE FOR MR. TAKEUCHI, ACTING TREASURER STOP REGRET REPRESENTATIVES
OF THIS DEPARTMENT OR CONTROLLERS UNABLE TO ATTEND ADB MEETING
BECAUSE OF PENDING MATTERS REQUIRING OUR PRESENCE IN WASHINGTON
STOP HOWEVER MR. STEWART FROM OUR TOKYO OFFICE IS APPRISED
OF OUR RELATIONSHIPS WITH YOU AND WILL SERVE AS LIAISON AT THIS
TIME STOP THANK YOU, FOR YOUR KIND INVITATION STOP KINDEST
REGARDS ROTBERG INTBAFRAD UNQUOTE

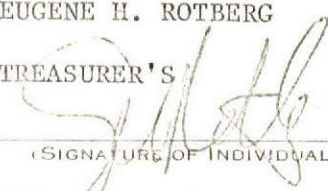
REGARDS
ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Gabriel

For Use By Communications Section

Checked for Dispatch:

Chen

(370)
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ASIANBANK
MANILA

DATE: APRIL 21, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (PHILIPPINES)

TEXT:
Cable No.:

FOR MR. TAKEUCHI, ACTING TREASURER
REGRET REPRESENTATIVES OF THIS DEPARTMENT OR CONTROLLERS UNABLE
TO ATTEND ADB MEETING BECAUSE OF PENDING MATTERS REQUIRING OUR
PRESENCE IN WASHINGTON STOP HOWEVER MR. STEWART FROM OUR TOKYO
OFFICE IS APPRISED OF OUR RELATIONSHIPS WITH YOU AND WILL SERVE
AS LIAISON AT THIS TIME STOP THANK YOU FOR YOUR KIND INVITATION
STOP KINDEST REGARDS

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE *E. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

ORIGINAL (File Copy)

CLEARANCES AND COPY DISTRIBUTION:

cc: Mr. Gabriel

For Use By Communications Section

Checked by: [illegible]

OFFICE MEMORANDUM

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

FROM: Eugene H. Rotberg *ER*

SUBJECT: Prospective Borrowings

DATE: April 18, 1975

This brief note summarizes some recent developments of interest to us in various capital markets and makes certain recommendations concerning possible borrowing opportunities.

The Asian Development Bank

The Asian Development Bank recently sold \$75 million of five-year bonds at a yield to the public of 8.75%. The issue was almost postponed at the time of signing because of adverse market conditions. I have been advised that First Boston, one of the two managing underwriters, sold about \$28 million of the issue; the co-manager, Kuhn-Loeb, has not yet sold its \$8.3 million commitment. Many of the other underwriting banks had not yet placed the issue as of yesterday, April 17. There was considerable interest in the issue from foreign governments and Central Banks outside the United States. Domestic interest was limited because of the adverse capital market in the last few weeks and the unfamiliarity of investors with the ADB.

The ADB will shortly announce a placement of \$15 million with Saudi Arabia at 8% interest. This rate was agreed upon "sometime last year" according to the ADB Treasurer. ADB will also shortly announce their borrowing from The Bank of Japan which, as we know, is in substitution for our borrowings from The Bank of Japan.

The U.S. Market

The U.S. market continues to deteriorate. The current five-year Agency market is about 8-3/8%. There is a 25 basis point spread (\$1.00) between the bid and ask prices in any size, reflecting the weakness of the market. If we were to offer a five-year bond, we would probably have to offer a yield of about 8.50-8.60%; we could probably sell 10-year bonds at a yield of 8-3/4% with a total cost of about 8.90%. Most interest rate forecasts are for considerably higher interest rates by the end of this calendar year.

German Market

The German bond market shows substantial improvement. I think we could probably sell between \$100 million equivalent of a 12-year (average life) issue. The Deutsche Bank thinks we could market an

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

- 2 -

April 18, 1975

issue at a yield to the public of about 8.40% - at a total cost to us of 8.60%. There is a good possibility that rates will continue to decline during the next several four weeks; the cost could be as low as 8.20% if we could market the bonds with an 8% coupon. I recommend that we initiate discussions with the German Government and Bundesbank to get their reaction to entering the market and to commence work for a public issue immediately - assuming the costs to us for a 12-year issue are below 8.35%.

We also could do a private placement of DM 100 million (\$42 equivalent) immediately for seven-year maturity at a cost to us of about 8.35%.

SWITZERLAND

I was approached by Gulf Oil Company who wished to hold intermediate term assets in Swiss francs. They are prepared to do a private placement with us in the 6 to 10-year maturity at "prevailing market rates." The amount would be somewhere between 80 million and 100 million Swiss francs. The Swiss bond market is thin and Gulf cannot easily buy the bonds to offset their liabilities in Swiss francs. I have asked Gulf to come up with a firm proposal as to the interest rate. Currently, World Bank bonds are yielding about 6-1/2% in a very thin secondary market. A new issue for 15 years would be priced to yield the public 7-3/4% and would cost us 8.20%.

I recommend that we affirmatively respond to an offer of 7-1/4% or less. We should keep in mind that our underwriters in Switzerland charge a commission of 3-1/2% (about 40 basis points) for underwriting our public issues and there is about a 75 basis point differential between public and private issues.

Apart from the Gulf matter, the Swiss 15-year (average life) public market is also favorable. As noted, we can market a public issue at a total cost to us of about 8.20%. However, the queue is long and Swiss underwriters have not shown an inclination to put our issue ahead of other clients. I recommend that we commence negotiations looking toward an issue at these cost levels.

LIBYA

Our 8% Libyan Dinar issue in the principal amount of 10 million Libyan dinars (\$38 million equivalent) matures in November 1975. We must either refinance the issue (and know that we can refinance it) or call back Libyan Dinars immediately and hold them at virtually no

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

- 3 -

April 18, 1975

interest through November 1975. I recommend that we refinance the 8% issue in Libyan Dinars in conjunction with a simultaneous borrowing in U.S. dollars and that we make such proposal to Governor Sherlala. For example, we might borrow \$10 million dinars (with settlement scheduled to repay our maturing November issue) and seek to borrow perhaps an additional \$150 million, i.e., a 5 to 1 ratio between local currency and dollars. We must receive a response immediately to the proposal, otherwise we will not have sufficient time to accumulate dinars to repay our November obligation. I recommend that we proceed by way of a letter proposal to Sherlala.

cc: Mr. Goodman

EHRotberg:emk

Chron



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 - INTBAPRAD

April 18, 1975

Mr. Edgar B. Howard
Vice President
J. Henry Schroder Banking Corp.
One State Street
New York, NY 10015

Dear Ed:

Thank you for your letter of April 11, 1975 and for your invitation to attend the symposium at the Schroder Banking Corporation scheduled on May 5. While I find the program and the topics extremely interesting to me, unfortunately prior engagement does not permit me to be there on that day.

However, I would like to have one of my colleagues, Dr. Yoon S. Park to attend the symposium. Mr. Park is our economist in the Treasurer's Department and his job requires him to monitor closely any new development in the Eurocurrency and U.S. money markets.

With my best personal regards,

Sincerely,


Eugene H. Rotberg
Treasurer

(5/6)

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: APRIL 17, 1975

CLASS OF
SERVICE: TELEX

EXT. 2213

COUNTRY: FRANCE

TEXT:
Cable No.:

FOR CARRIERE

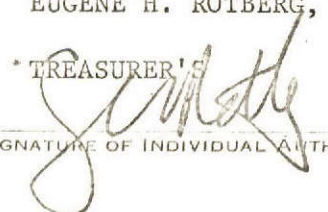
RE YR TELEX CONCERNING PURCHASE OF ELECTRICITE DE FRANCE OBLIGATIONS. PRIMO, IBRD MUST RECEIVE GUARANTEE OF FRENCH GOVERNMENT AS WE ARE NOT AUTHORIZED TO PURCHASE OBLIGATIONS WHICH ARE NOT GUARANTEED BY NATIONAL GOVERNMENTS WHERE THERE ARE OUTSTANDING ANY OTHER OBLIGATIONS OF THE ISSUER WHICH DO CARRY SUCH GUARANTEE. SECONDO, ASSUMING THAT GUARANTEE IS FORTHCOMING, WE WOULD BE PREPARED TO INVEST ^{MOST} ~~ANY~~ OF OUR REMAINING FRENCH FRANCS FOR OBLIGATIONS OF 3 TO 5 YEAR MATURITY SUBJECT TO FINAL AGREEMENT ON INTEREST RATES AT ABOUT 9-1/2%. IN THIS CONNECTION, PLEASE ADVISE PREVAILING INTEREST RATES IN FRENCH FRANCS FOR 3 TO 5 YEARS FOR SIMILAR TYPE PAPER. TERTIO, PLEASE ALSO ADVISE WHETHER (A) THERE IS A LIQUID SECONDARY MARKET FOR THESE OBLIGATIONS OR (B) WHETHER WE WOULD BE ENTITLED, OTHERWISE, TO PUT BACK THE OBLIGATIONS TO THE ISSUER BEFORE MATURITY. WHILE IT WOULD NOT REPEAT NOT BE OUR INTENTION TO REQUIRE EARLY REPAYMENT TO US, WE REQUIRE (AS A MATTER OF FORM) SUCH RIGHT IN

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. *TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

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CC: Mr. Rotberg, Mr. Hittmair, ~~Mr. Schielke~~
Mr. Michaelcheck, Mr. Schielke

For Use By Communications Section

ORIGINAL (File Copy)

(AMERICAN) See Secretaries Guide for preparing form

Checked for Dispatch

OUTGOING WIRE

TO: INTBAFRAD (PAGE TWO)
PARIS

DATE: APRIL 17, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: FRANCE

EXT. 2213

TEXT:
Cable No.: FOR CARRIERE

ORDER TO ASSURE THAT OUR LIQUID CASH INVESTMENTS ARE IN FACT IN LIQUID FORM. IN SIMILAR CASES, WHERE THERE IS NO SECONDARY MARKET, WE HAVE NEGOTIATED ARRANGEMENTS WHEREBY WE HAVE THE RIGHT TO EARLY REPAYMENT ON NOTICE AT A PRICE WHICH WOULD PERMIT THE ISSUER, WITHOUT LOSS, TO BORROW FUNDS NEEDED TO REPAY US AT THE THEN PREVAILING MARKET RATE FOR THE REMAINING MATURITY. PLEASE ADVISE.

ROTBERG

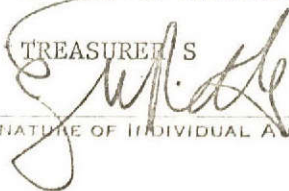
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

CC: Mr. Rotberg, Mr. Hittmair,
Mr. Michaelcheck, Mr. Schielke

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Classified by 1060410

Chron



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



April 17, 1975

Mr. Gordon Insley
Vice President, Corporate
Tax Division
First National City Bank
399 Park Avenue
New York, New York 10022

Dear Mr. Insley:

I am enclosing for your information a copy of the Internal Revenue Service Ruling re the Federal Income Tax status of World Bank obligations as "foreign-sourced income." I have also taken the liberty of forwarding a brief memorandum which sets forth, by way of example, the potential advantage to certain institutions from such status.

If you have any questions, please do not hesitate to call me.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

Enclosures

Chron

(3-70)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NOMURA SECURITIES
TOKYO

DATE: APRIL 15, 1975

CLASS OF SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION: MR. TADASHI, ISHIDA, EXECUTIVE MANAGING DIRECTOR
THANKS YOUR TELEX TODAY GIVING DETAILS RE REDUCTION IN
THE DISCOUNT RATE STOP WE APPRECIATE YOUR FURNISHING US
WITH THIS INFORMATION STOP 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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(ADVISE ALL: New Distribution Guide for preparation form)

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



April 9, 1975

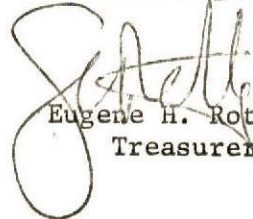
Mr. Francis B. Besseney
Senior Vice President
J. Henry Schroder Banking
Corporation
One State Street
New York, New York 10015

Dear Mr. Besseney:

Let me again express to you and Mr. Howard my appreciation for a most pleasant luncheon and meeting. You may be interested in the attached reports which summarize foreign and international bond issues and publicized Eurocredits, which I am enclosing with this letter.

I look forward to seeing you and Mr. Howard again soon.

Kindest regards,


Eugene H. Rotberg
Treasurer

EHR:jcv

Enclosures (2)

Chiron



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



April 9, 1975

Mr. Michael Bradfield
Cole, Corette & Bradfield
Suite 501
1200 - 17th Street, N.W.
Washington, D.C. 20036

Dear Mike:

I was very disappointed that I could not attend your "farewell party" last week but Iris and I had just returned from Colorado and it was simply impossible to get away that evening. Please accept our most sincere wishes for a successful new career. It all sounds very exciting. Please keep in touch and let me know when things settle down so that we can get together for lunch.

Kindest regards,


Gene Rotberg

Chion



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



April 4, 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 March 31,
with which you forwarded your latest information
on the Japanese Bond Market.

I continue to find IBJ's reports interest-
ing and appreciate your kindness in sending them
to me...

Sincerely,

Eugene H. Rotberg
Treasurer

EHR:jcv

bcc: Dr. Yoon S. Park



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



April 1, 1975

Dear Heidi:

Attached is a revision with my editorial comments. I made a number of "clarifications" which I think will help the reader understand the points I attempted to make. I did not attempt to change the editorial style or otherwise revise the format of the paper.

Love,


Gene

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

Chion



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



April 1, 1975

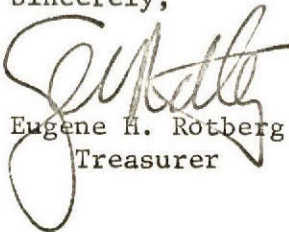
Mr. Kiyoshi Nagata
Treasurer-Secretary
The Delphi Club
Mitsubishi Research Institute, Inc.
Hibiya Park Building
1 Yurakucho, 1 Chome
Chiyoda-Ku
Tokyo 100, Japan

Dear Mr. Nagata:

It was most thoughtful and kind of you to send me the snapshots from The Delphi Club's February 7th meeting. It was indeed a pleasure to be your guest speaker for that meeting, and I wish to congratulate you and your fellow members for the dedication you have exhibited in founding The Delphi Club.

I look forward to seeing you soon again. My best to the members of The Delphi Club, and, again, my sincere thanks for the photographs.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

cc: Mr. Aritoshi Soejima
Director
Tokyo Office

~~The Rotberg~~ EHR

Chen

MONTHLY REPORT ON SELECTED PRESIDENT'S WORK ASSIGNMENTS:
VICE PRESIDENT-FINANCE
(as of April 1, 1975)

	Individual Responsible	Schedule to President	Remarks
1. OPEC request for repayment of Bank Bonds	-		Mr. Rotberg's memo attached.
2. Alternative approaches to financing IBRD in a hyper-inflationary environment	Gabriel	TBD	Mr. Gabriel preparing outline of the problem.
3. Establish formal system for integrating OPEC ODA disbursements into regular ODA reporting system	DPS-Chenery P&B-Taylor	TBD	Discussion with OECD consultant working on system to be held this week.
4. Terms of Technical Assistance to High-Income Countries	P&B-Bowron	4/4	Draft summary of decisions on technical assistance for dissemination to regions completed.
5. Analysis of IDA projects for FY75 indicating regions in which shortfall might occur	P&B-Done	Done	
6. Adjustment to Bank Group policies as we move away from Gold Standard	Legal/ Controller's	4/15	
7. Monthly report on Late Payments	Controller's	4/15	
8. Increase in OPEC Capital Subscriptions	Hattori Legal-Nurick P&B-Bock	4/4	Nurick preparing draft paper.
9. Third Window	Cargill		Send out invitations for contributors meeting: April 29. Draft paper to Board May 7. Board Discussion May 20.
10. Pension Plan	Cargill	Done	Awaiting your decision.
11. Proposed action for OPEC loans in FY75 and FY76	Cargill/ Regions	4/18	Will report after return from Venezuela and Iran.
12. Overrun problem and future Borrowing Program	P&B-Schulmann/ Cargill	4/3	Schulmann draft on size of overrun due April 1. Adjustment of Borrowing Program April 4.
13. Note on June Program Review	P&B	4/11	Adler preparing outline.

	<u>Individual Responsible</u>	<u>Schedule to President</u>	<u>Remarks</u>
14. IFC Five-Year Financial Program	IFC/Cargill	4/4	IFC working on draft.
15. Portfolio Evaluation Unit-first results	P&B-Eccles	4/4	Draft received from Eccles March 28.
16. Schedule of visits to OPEC countries			Information requested from Departments
17. Instructions re staff visits to OPEC countries			Draft returned to Kearns with my comments.
18. Systematic approach to Iran and Venezuela re 3rd Window; Capital subscription and borrowing program	Cargill	4/18	Will report on return from visits.
19. FY76 Borrowing in Swiss market	Rotberg/ Cargill	4/	Rotberg preparing first draft
20. FY76 Borrowing in US	Rotberg/ Cargill	4/	Rotberg preparing first draft
Secondary market for IBRD securities	Rotberg/ Cargill	5/	Rotberg preparing first draft
22. Fiveyear plan of Central Bank issues	Wood/Rotberg/ Cargill	5/13	Rotberg and Wood preparing first draft.
23. IDA 5 Plan	Adler/Cargill	6/15	
Briefing of Mr. Al Atrash of the outcome and results of visits to Middle East	Cargill		
25. Borrowing in SDRs	Broches/Nurick Cargill	4/30	Legal preparing draft.
26. Extract of memoranda of conversation of Mr. McNamara's visit to OPEC countries	Kochman		
27. Relations of Bank Technical Assistance activities with UNDP	Hoffman/ Cargill	4/30	H offman preparing draft.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION INTERNATIONAL FINANCE CORPORATION

Mr. Newhouse

Ernie:

I would appreciate your having the following order made up:

	<u>NUMBER OF PRINTS</u>	<u>SIZE</u>	<u>NEGATIVE NUMBER</u>
SHARP CONTRAST, PLEASE; MATTE PAPER, NOT GLOSSY.	3	11 X 14	3 (Mounted)
	4	3-1/2 X 5	3
	2	5 X 7	3
	2	8 X 10	11 (Mounted)
	3	11 X 14	19 (Mounted)
	6	3-1/2 X 5	19
	2	8 X 10	33 (Mounted)
	4	3-1/2 X 5	33

TWO BLACK & WHITE
PRINTS OF EACH
COLOR SLIDE:
NOS. 2, 3, 4, 5,
6, 7, 8, 9.

5 X 7

SHARP CONTRAST, PLEASE; MATTE PAPER, NOT GLOSSY

Many thanks.

Gene Rotberg

Number of Prints	Size	No. of No.
3 3	8x10 11x14	3 (Mounted)
4	3 1/2 x 5	3
2	5 x 7	3
2	8 x 10	11 (Mounted)
3	11 x 14	19 (Mounted)
6 6	3 1/2 x 5	19
2	8 x 10	33 (Mounted)
4	3 1/2 x 5	33

(Sharp contrast, please
MATE paper, NOT Glossy ON

Two ~~BT~~ BT+2
Prints for
each slide
NO:
2, 3, 4, 5, 6, 7, 8, 9

5x7

~~Slide~~ (ALL)

←