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Series: Liaison with external organizations, individuals, and United States government

Dates: 04/17/1969 - 11/19/1971

Fonds: Central Files

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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW


Washington DC 20433


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APPI - Asso. of Intern. Study for Promotion
Protection of Private Inv. - 1969-

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 **1056750**

A1994-049 Other #. 16 Box #209972B
Bank Administration and Policy - Association of International Study for the
Promotion and Protection of Private Investment - Correspondence

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THIS FILE IS CLOSED AS OF

DECEMBER 1971.

FOR FURTHER CORRESPONDENCE SEE:

1972 - 1974.

RECORDS MANAGEMENT SECTION
January 1972

Mr. Merriam

November 19, 1971

A. Edward Elmendorf *A. E. E.*

International Association for the Promotion and
Protection of Private Foreign Investments (APPI)

As of July 1970, the following were the United States members of
the APPI Directing Committee:

Arthur H. Dean	(Senior Partner, Sullivan & Cromwell, NYC)
John D. Harper	(President, ALCOA)
J. K. Jamieson	(Board Chairman, Standard Oil, N.J.)
George Russell	(Board Vice-Chairman, General Motors)
Charles Spoffard	(Senior Partner, Davis, Polk)
Leo D. Welch	(Director of various corporations)

In addition R. E. McCoy was the US member of the Working Committee which
directed day to day activities. As of January 1970 the following United
States firms were members of APPI:

General Motors Corp.
Gulf Oil Corp.
I.B.M. World Trade Corp.
I.T. & T. Corp.
Mobil Oil Corp.
Morgan Guaranty Trust Co.
Standard Oil Co. of California
Standard Oil Co. (New Jersey)
Texaco, Inc.
U.S. Steel Corp.

AEE:lp

NOV 25 11 31 AM 1971

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App'l - Association Int'l Prom & Promotes
of the Protection of Investments Priv

November 19, 1971

Mr. Merriman

Handwritten initials

A. Edward Elmendorf

International Association for the Promotion and
Protection of Private Foreign Investments (APPI)

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- | | |
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| (Board Vice-Chairman, General Motors) | George Russell |
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| (Director of various corporations) | Leo D. Welch |

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- Gulf Oil Corp.
- I.B.M. World Trade Corp.
- I.T.&T. Corp.
- Mobil Oil Corp.
- Morgan Guaranty Trust Co.
- Standard Oil Co. of California
- Standard Oil Co. (New Jersey)
- Texasco, Inc.
- U.S. Steel Corp.

AKK:lp

Nov 22 11 34 AM 1971

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APPI - Association Internationale Pour la
Promotion et la Protection des Inv.

Files

November 3, 1971

S. Aldewereld

(signed) S. Aldewereld

Discussion with Dr. Reinhardt - APPI

In his letter of October 1, Dr. E. Reinhardt, President of the International Association for the Promotion and Protection of Private Foreign Investments (APPI), informed Mr. McNamara that the Directing Committee had discussed Mr. McNamara's letter of September 9 concerning the World Bank policy towards disputes on expropriation, and that they appreciated Mr. McNamara's suggestion to consult with a delegation of APPI. Dr. Reinhardt added in his letter that in the beginning of next year he would propose some dates for a meeting for an exchange of views.

I telephoned Dr. Reinhardt today to tell him that we were looking forward to the proposal referred to above and that upon receipt of this proposal we would arrange a meeting. Dr. Reinhardt said that he appreciated the Bank's cooperation in the matter and that he would not fail to write to us early next year.

cc: Mr. McNamara
Mr. Broches
Mr. Demuth

SA:mc

APPI

OUTGOING WIRE

TO: CREDIT SUISSE
ZURICH

DATE: OCTOBER 8, 1971

CLASS OF
SERVICE: TELEX

MS

COUNTRY: SWITZERLAND

TEXT:
Cable No.:

FOR DR. REINHARDT

REFERENCE YOUR LETTER TO MR. MCNAMARA OF OCTOBER ONE REGARDING APPI
AND TO OUR TELEPHONE CONVERSATION A FEW WEEKS AGO STOP EYE WILL BE
IN CANADA UNTIL THURSDAY OCTOBER 14 STOP WILL TELEPHONE YOU EITHER
FRIDAY OCTOBER 15 OR MONDAY OCTOBER 18 STOP BEST REGARDS.

ALDEWERELD
INTBAFRAD

102119 12 1 8 100
2K017A 2000000000
K01103E

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME S. Aldewereld

DEPT. Executive Offices

SIGNATURE *S. Aldewereld*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: /lvd

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: *lvd*

4997

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL TELEGRAPHIC ASSOCIATION

OUTGOING WIRE

OCTOBER 8, 1971

DATE

TO: CREDIT SUISSE ZURICH

CLASS OF SERVICE: TELEX

COUNTRY: SWITZERLAND

TEXT: Cable No.

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ADMITTED INTRABANK

RECEIVED

Oct 9 2 31 PM 1971 COMMUNICATIONS

DISPATCHED

Oct 8 4 57 PM 1971 COMMUNICATIONS SECTION

NOT TO BE TRANSMITTED

CLEARANCES AND COPY DISTRIBUTION

AUTHORIZED BY

S. Ainsworth

NAME

Executive Officer

TITLE

[Signature]

LOCATION

FOR USE BY INDIVIDUAL AUTHORIZED TO APPROVE

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(IMPORTANT: See Secretary's Guide for preparing form)

Checked for Dispatch

APPI

APPI
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET LA
PROTECTION DES INVESTISSEMENTS PRIVES EN TERRITOIRES ETRANGERS

Genève, Suisse
92, rue du Rhône

THE PRESIDENT

8021 Zurich, October 1, 1971
Paradeplatz 8

Mr. Robert McNamara
President
International Bank for
Reconstruction and Development
1818 H Street N.W.

Washington, D.C.

USA

Dear Mr. President,

I would like to thank you for your letter of September 9, 1971 concerning the World Bank Policy towards disputes on expropriation. In the meantime the Directing Committee discussed the matter in Stockholm. Due to illness I was prevented from attending the meeting in the last moment but the participants were informed about Mr. Aldewereld's telephone call to me. The members present found themselves not in a position to agree with some of the remarks mentioned in your letter.

They very much appreciated your suggestion to consult with a delegation of APPI (2 to 4 persons). The Working Group has been asked to do the preparatory work for a discussion about particular cases and the policy paper. The members unanimously found such a dialogue would be very useful for a better understanding of the points of view of each other and also a first step for a closer cooperation in the future.

Original to: Mr. McNamara
Date: 10/7/71
Communications
Section

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Fourth line of faint, illegible text.

Fifth line of faint, illegible text.

Sixth line of faint, illegible text.

Seventh line of faint, illegible text.

Eighth line of faint, illegible text.

Ninth line of faint, illegible text.

Tenth line of faint, illegible text.

Stamp area containing a date and time stamp.

OCT 13 3 50 PM 1971

APPI
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET LA
PROTECTION DES INVESTISSEMENTS PRIVES EN TERRITOIRES ETRANGERS

Genève, Suisse
92, rue du Rhône

- 2 -

At the beginning of next year I would like to propose to you
some dates for a meeting for an exchange of views.

In the meantime, I remain,

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'E. Reinhardt', written in dark ink.

E. Reinhardt

APPI

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Files

September 16, 1971

S. Aldewereld (signed) [mirrored text]

Discussion with Mr. Reinhardt

At Mr. Demuth's suggestion I telephoned Mr. E. Reinhardt, President of the International Association for the Promotion and Protection of Private Foreign Investments, in Switzerland today to confirm to him what Mr. McNamara, in his letter of September 9, had informed him, namely, that the Bank's policy regarding defaults of publicly-owned external debt and expropriation of foreign-owned property by borrowing countries had not changed. Mr. Reinhardt was very grateful for Mr. McNamara's letter and our telephone conversation and said that he would be guided by this in the forthcoming discussions of the Directing Committee of the APPI in Stockholm on September 23.

I also agreed with him that in the first week of October I would contact him by telephone to ascertain what had happened at the Stockholm meeting and to establish whether any additional information on the part of the World Bank group to APPI would be called for.

cc: Mr. McNamara
Mr. Demuth

SA:lvd

199A

September 16, 1971

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CENTRAL FILES

SEP 16 4 34 PM 1971

Wiles
S. Albrechts (signed)

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cc: Mr. McNamara
Mr. Demuth
SA:lvb

APPI

September 9, 1971

Mr. E. Reinhardt
President
International Association for the Promotion
and Protection of Private Foreign Investments
92 rue du Rhone
Geneva, Switzerland

Dear Mr. Reinhardt:

Thank you for your letter of August 11, expressing the concern of your Association at the adoption of policies detrimental to private foreign investment in a number of developing countries. I have also received and examined with interest the July 1971 APPI report entitled "Events affecting private foreign investment in some capital-receiving countries".

I share your belief that the developing countries need to make the best possible use of all resources potentially available to them, domestic and foreign, private and public, and that it would be unfortunate if governments which did not make reasonable efforts in good faith to settle disputes arising from the expropriation of foreign-owned property were able to turn to official sources as a substitute for private capital.

As you know, since its inception the World Bank has been concerned with disputes arising from defaults of publicly-owned external debt and from the expropriation of foreign-owned property by borrowing countries. Our traditional approach to these disputes, developed over the last twenty years, was codified into the operational guidelines for the Bank's staff formulated in 1966 and has remained essentially unchanged since then. Enclosed is a short note setting forth the relevant elements of our policy as formulated in these guidelines. I am aware of no case in which we have deviated from that policy.

As you recognize, we must take into account the specific circumstances of each case in determining the Bank's position. However, I believe there is no basis for the fear which you say has been expressed by many members of APPI, that we are interpreting our policy any more flexibly now than in the past. I would appreciate your drawing my attention to any cases where you believe that this has been done, or where, in your view, the application of our policy has been inappropriate or has encouraged borrowing countries, in the words of your letter, to "succumb to the temptation not to fulfil their international obligations".

September 9, 1971

Mr. E. Reinhardt
President
International Association for the Promotion
and Protection of Private Foreign Investments
95 rue du Rhone
Geneva, Switzerland

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Mr. E. Reinhardt

-2-

The Annual Meetings of the World Bank Group will be held late next month, and therefore, unfortunately, I will not be able to attend the meeting of your Directing Committee in Stockholm on September 23. However, I would be very pleased to consult with you or your representatives at any time you or they may be in Washington or on some occasion when I may be in Europe.

Sincerely,

Robert S. McNamara

Enclosure

A. E. E.
AEElmendorf/RHDemuth:lp



Cleared with and cc: Mr. Broches
cc: Sir Denis Rickett
Mr. Aldewereld
Mr. W. D. Clark
Mr. J. Merriam

Office of the President (2)

POLICY OF THE WORLD BANK GROUP TOWARDS
DISPUTES OVER EXPROPRIATION

The Bank Group has always taken an interest in disputes between a member country or a public body within it and nationals of other member countries arising out of certain international financial transactions. In recent years this interest has concentrated increasingly on disputes over compensation to aliens for property owned by them which has been expropriated. Such property may include direct and portfolio investment in real or personal property as well as concessions and franchises. Expropriation may be by direct transfer of ownership or by the state or other public body concerned taking effective possession or control without a transfer of ownership.

The Bank seeks to promote settlements of these disputes through a variety of actions, some of which are discussed below. When it is dissatisfied with the progress toward resolution of a dispute the Bank determines its own position with respect to lending and other activities in the country involved and, in doing so, it seeks to make a response graduated to suit the character and seriousness of the dispute and the progress toward its resolution.

A number of factors combine to make cases of expropriation less clear-cut than those involving other types of disputes, such as those arising from defaults on external public debt. These factors include possibilities for differences over (i) the amounts involved and how payment is to be made, (ii) the respective obligations of the parties, and (iii) the responsibility for opening and carrying on negotiations.

The Bank will not lend for projects in a country if it considers that the position taken by that country with respect to alien owners of expropriated property is substantially affecting its international credit standing. Nor will it appraise projects in such a country unless it has good grounds for believing that the obstacles to lending will soon be removed. Reasons for not proceeding with lending operations include:

- (1) A denial of liability for compensation coupled with a refusal to submit the dispute to judicial or quasi-judicial determination.
- (2) An admission of liability for compensation in general terms coupled with either an offer of compensation obviously inadequate in amount or terms of payment and not subject to negotiation, or else a failure to negotiate in good faith over such matters or to submit them to judicial or quasi-judicial determination.
- (3) A failure, in the Bank's judgment, to make reasonable efforts to arrive at settlements.
- (4) A failure to pay and, if required, to transfer abroad compensation in accordance with the terms of an agreed settlement, a judicial decree or an arbitral award.

In the absence of special circumstances, the fact that the expropriated alien may have received adequate compensation through an investment guarantee or insurance scheme or in some other way does not eliminate the Bank's concern with an expropriation, and the Bank's position with respect to the expropriating country may be determined as if such compensation had not been paid. In determining its position, the Bank will take into account

whether or not the expropriated alien's government seeks redress from the expropriating country. Normally the Bank will not refuse to lend if the expropriating country has agreed with the claimant country on a reasonable procedure for settling the claim and will consider a dispute resolved if a settlement is reached between the expropriating and claimant countries.

In carrying out the policy set forth above, the Bank seeks to promote prompt and adequate settlements, either negotiated between the parties on a mutually satisfactory basis or arrived at through conciliation, arbitration or judicial determination. Although it may eventually have to do so for the purpose of determining its own position, it initially tries to avoid passing on the merits of the dispute and to limit its role to improving communications between the parties and impressing them with the desirability of a settlement. The Bank does not take the position that all the demands of the claimants must necessarily be met. At the same time it will be concerned to see that its desire to get on with its main task of lending for development does not unfairly reduce the claimant's chance of reaching a satisfactory settlement.

Where a dispute over expropriation exists but the Bank decides to lend on the grounds that reasonable efforts to resolve the dispute are being made, the Bank will be concerned to see that (a) progress toward a settlement or, if the dispute has been submitted to judicial or quasi-judicial determination, progress toward a decision continues after the loan commitment is made, and (b) if there are different groups of claimants, progress is made with all of them, to the extent that the nature of the claims so permits, so that the Bank does not discriminate between them.

Inevitably, investment disputes involve many different factors, requiring the Bank to deal with them on a case-by-case basis. In doing so the Bank seeks to treat its member countries consistently, but from time to time the case-by-case approach may give decisions in particular cases an appearance of inconsistency. The risk of inconsistency is enhanced by the fact that the Bank's position may be affected by the position taken by the claimant's country with respect to the dispute. Since the country's reasons for its position may differ from those which arouse the Bank's concern over these disputes, the Bank will examine these reasons and take them into account in determining its position.

APPI

August 20, 1971

Mr. E. Reinhardt
President
International Association for the Promotion
and Protection of Private Foreign Investments
92 rue du Rhone
Geneva, Switzerland

Dear Mr. Reinhardt:

This note is to acknowledge receipt of your letter to Mr. McNamara of August 11, concerning private investment in developing countries. The APPI report mentioned in your letter has also been received.

Mr. McNamara is away on holiday, and is not expected to return to Washington until September 7. I will draw your letter to his attention at that time. However, I should point out now that the Annual Meetings of the Boards of Governors of the Bank Group will begin almost immediately after the session of your Directing Committee in Stockholm on September 23. It therefore seems quite unlikely that Mr. McNamara will be able to accept your invitation to attend that session.

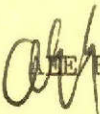
Sincerely yours,



Richard H. Demuth
Director

Development Services Department

cc: Mr. Christoffersen
Mr. Broches

 RHD:lp

APPI 11 08 1971

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August 20, 1971

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President
International Association for the Promotion
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92 rue du Rhone
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Richard H. Bennett
Director
Development Services Department

cc: Mr. Christoffersen
Mr. Broches

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AUG 27 11 08 AM 1971

THE RHD:lp


APPI

APPI
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET LA
PROTECTION DES INVESTISSEMENTS PRIVES EN TERRITOIRES ETRANGERS

Genève, Suisse
92, rue du Rhône

Le Président

August 11, 1971

Mr. Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street N.W.
Washington, D.C. 20433

Dear Mr. President,

The Directing Committee of APPI has asked me to draw your attention to the following problems that we have discussed in our Association. We have noted with growing concern the adoption of policies by an increasing number of developing countries which, in our opinion, not only affect adversely the interests of the international private investment community but, we believe, are detrimental to the economic and social progress of these countries. For your information, a recent report prepared by APPI for its Member Companies which highlights a number of these developments will be sent to you soonest.

The APPI believes that the developing countries must attempt to make the best use of all available resources - domestic and foreign, private and public - if they are to achieve a satisfactory rate of growth on a sound and balanced economic basis. We also share the generally accepted view that private foreign investment and official foreign assistance are complementary, rather than substitutes for one another. It is, therefore, unfortunate and even unrealistic if governments which adopt policies that discourage private foreign investment and the transfer of technological data gain the impression that they can turn to official foreign sources

1971 A

APPI
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET LA
PROTECTION DES INVESTISSEMENTS PRIVES EN TERRITOIRES ETRANGERS

Genève, Suisse
82, rue du Rhône

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International Bank for Reconstruction
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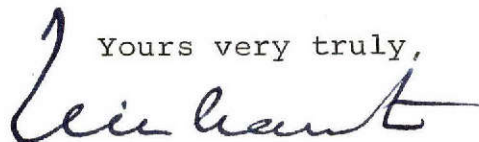
of financing which, in effect, acts as a substitute.

During recent meetings, the Directors of APPI have noted with concern that countries whose policies appear to be hostile to private foreign investment or which have directly or indirectly expropriated such property without paying reasonable compensation continue to receive financial support from institutions such as the World Bank. We appreciate the difficulties which the Bank may encounter in applying its political and economic criteria in cases such as these and the fact that it has to take into consideration the peculiarities of each case. However, the fear has been expressed by many members of the Association that the policy in this respect has become so flexible that these countries may have less hesitation to take measures directed against private foreign investors and may succumb to the temptation not to fulfil their international obligations.

We felt that you would wish to know about these concerns of our Member Companies, not only because they represent many major industrial and financial enterprises who are investing in the less developed countries but also because an increasing part of the funds loaned by the Bank are being raised from private sources in the industrialised countries with the assistance of financial institutions such as those which are members of APPI.

It would be of great value to us to have your reactions to these comments and to consult with you regarding the way in which private foreign investors and international institutions providing financial assistance can cooperate to improve this situation. We would be pleased to discuss this subject with you at your convenience. One possible occasion for doing so might be the forthcoming meeting of our Directing Committee in Stockholm on September 23, 1971. (A list of our Directors is included in the attached booklet.) May I take this occasion to extend to you a most cordial invitation to attend this meeting.

Yours very truly,



E. Reinhardt

Encl.

✓ Resource
files

Paris Office - IFC Rep
✓ cc APPI

F

April 20, 1971

Mr. Moeen A. Qureshi,
International Finance Corporation,
Washington, D.C.

Dear Moeen,

Mr. Sandberg, Secretary General of the Association for the Promotion of Private Investment (APPI), which is generally concerned with the problem of incentives and disincentives in the L.D.Cs. asked me to meet with Prof. Reuben and his colleagues who are making a study of this problem for the O.E.C.D. I believe he discussed this question generally with you some months ago and he will probably be in touch with you again. This time we talked about the possibility of getting information by way of a questionnaire either through Bill Diamond's Development Bank system or from private companies through IFC (about which I expressed pessimism).

I enclose a booklet about APPI.

Yours sincerely,

Alfred H. Davidson

Enc.

APPI

LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

Genève, Suisse

Cables: APPI, The Hague
Telephone: (070) 544944

L. H. SANDBERG
Administrator
7A Nieuwe Parklaan
The Hague, Holland

16 August, 1971

Mr. Robert S. McNamara
International Bank for Reconstruction
and Development
1818 H. Street N.W.
Washington, D.C.20433
USA

Dear Sir,

Please allow me to refer to the letter which the President of our Association, Dr. E. Reinhardt, wrote to you on 11th August.

In his letter Dr. Reinhardt made reference to a report which has been prepared by the APPI for its Member Companies and I now have pleasure in enclosing this herewith.

Yours sincerely,



Original to: *Mr. Demuth*
Date: *8/18/71*
Communications
Section

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Aug 19 11 14 AM 1971

APPI

APPI

ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET LA
PROTECTION DES INVESTISSEMENTS PRIVES EN TERRITOIRES ETRANGERS

Genève, Suisse
92, rue du Rhône

Le Président

August 11, 1971

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Dear Mr. President,

The Directing Committee of APPI has asked me to draw your attention to the following problems that we have discussed in our Association. We have noted with growing concern the adoption of policies by an increasing number of developing countries which, in our opinion, not only affect adversely the interests of the international private investment community but, we believe, are detrimental to the economic and social progress of these countries. For your information, a recent report prepared by APPI for its Member Companies which highlights a number of these developments will be sent to you soonest.

The APPI believes that the developing countries must attempt to make the best use of all available resources - domestic and foreign, private and public - if they are to achieve a satisfactory rate of growth on a sound and balanced economic basis. We also share the generally accepted view that private foreign investment and official foreign assistance are complementary, rather than substitutes for one another. It is, therefore, unfortunate and even unrealistic if governments which adopt policies that discourage private foreign investment and the transfer of technological data gain the impression that they can turn to official foreign sources

Original to: *Mr. Demuth*
Date: *8/16/71*
Communications
Section

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CENTRAL FILES
Aug 17 11 02 AM 1971

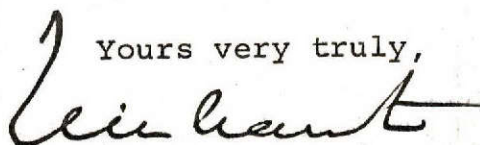
of financing which, in effect, acts as a substitute.

During recent meetings, the Directors of APPI have noted with concern that countries whose policies appear to be hostile to private foreign investment or which have directly or indirectly expropriated such property without paying reasonable compensation continue to receive financial support from institutions such as the World Bank. We appreciate the difficulties which the Bank may encounter in applying its political and economic criteria in cases such as these and the fact that it has to take into consideration the peculiarities of each case. However, the fear has been expressed by many members of the Association that the policy in this respect has become so flexible that these countries may have less hesitation to take measures directed against private foreign investors and may succumb to the temptation not to fulfil their international obligations.

We felt that you would wish to know about these concerns of our Member Companies, not only because they represent many major industrial and financial enterprises who are investing in the less developed countries but also because an increasing part of the funds loaned by the Bank are being raised from private sources in the industrialised countries with the assistance of financial institutions such as those which are members of APPI.

It would be of great value to us to have your reactions to these comments and to consult with you regarding the way in which private foreign investors and international institutions providing financial assistance can cooperate to improve this situation. We would be pleased to discuss this subject with you at your convenience. One possible occasion for doing so might be the forthcoming meeting of our Directing Committee in Stockholm on September 23, 1971. (A list of our Directors is included in the attached booklet.) May I take this occasion to extend to you a most cordial invitation to attend this meeting.

Yours very truly,



E. Reinhardt

Encl.



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date August 6, 1971	Document Type Letter			
Correspondents / Participants To: A. Broches, Secretary-General, International Center for Settlement of Investment Disputes From: L.H. Sandberg, Administrator, Association Internationale Pour la Promotion et la Protection des Investissements Prive en Territoires Etrangers				
Subject / Title [Treaties and ICSID]				
Exception(s) Information Restricted Under Separate Disclosure Regimes and Other Investigative Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date August 21, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date August 21, 2023
Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

APPI
✓

✓

March 23, 1971

Dear Mr. Sandberg:

This letter is to acknowledge receipt of, and to thank you for, the APPI circulars and the current list of members enclosed with your letter of March 8 to Mr. McNamara.

Sincerely,

Shirley Boskey
Development Services Department

Mr. L. H. Sandberg
Administrator
Association Internationale pour la
Promotion et la Protection des
Investissements Prives en Terri-
toires Etrangers
7A Nieuwe Parklaan
The Hague, Holland

SEBoskey:tsb

2



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date March 12, 1971	Document Type Letter			
Correspondents / Participants To: L.H. Sandberg, Administrator, International Association for Promotion and Protection of Private Foreign Investments From: William S. Gaud, Executive Vice President, IFC				
Subject / Title [Letter of February 8 and enclosures]				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date August 21, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date August 21, 2023
Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

ROUTING SLIP

Date

March 23, 1971

NAME

ROOM NO.

1. ~~Mr. Elmendorf~~ *See*

2. Central Files

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

Ed:

Among the attachments is a booklet entitled "Events Affecting Private Foreign Investment in Some Capital-Receiving Countries". There may be something in it of interest for your investment disputes data collection.

From

S
Shirley Boskey

ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

Genève, Suisse

APPI

Cables: APPI, The Hague
Telephone: (070) 544944

L. H. SANDBERG
Administrator
7A Nieuwe Parklaan
The Hague, Holland

8 March, 1971

Mr. Robert S. McNamara
International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington, D.C. 20433
USA

Dear Sir,

At the request of the President of our Association I have pleasure in sending you herewith a copy of our Circular 9/71 with Annex. It has now been decided that a circular of this type will be sent to our Members half-yearly.

In the event that you would like to have some background material on our Association I also enclose a copy of our Brochure with a list of our Members, and a copy of Circular 35/70 with Annex which was issued by us last year.

Yours sincerely,



L. H. Sandberg
Administrator

LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET

Genève, Suisse

L. H. SANDBERG
Administrateur
7A Nieuwe Parklaan
The Hague, Holland

8 March, 1971

Cables: APPI, The Hague
Telephone: (070) 24 49 44

Mr. Robert S. McNamara
International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington, D.C. 20433
USA

Dear Sir,

At the request of the President of our Association I have pleasure in sending you herewith a copy of our Circular 3577 with Annex. It has now been decided that a circular of this type will be sent to our Members half-yearly.

In the event that you would like to have some background material on our Association I also enclose a copy of our Brochure with a list of our Members, and a copy of Circular 3570 with Annex which was issued by us last year.

Yours sincerely,

L. H. Sandberg
Administrator

ASSOCIATION INTERNATIONALE
DE PROTECTION DES INVESTISSEMENTS
PRIVÉS EN TERRITOIRES ÉTRANGERS
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Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date March 8, 1971	Document Type Letter			
Correspondents / Participants To: William S. Gaud, International Finance Corporation From: L.H. Sandberg, Administrator, International Association for Promotion and Protection of Private Foreign Investments				
Subject / Title [Copy of APPI Circular 9/71 and brochure]				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

APPI

ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

Genève, Suisse

Cables: APPI, The Hague
Telephone: (070) 544944

L. H. SANDBERG
Administrator
7A Nieuwe Parklaan
The Hague, Holland

9/71

30 January 1971

To: MEMBERS OF THE APPI

EVENTS AFFECTING FOREIGN PRIVATE INVESTMENT IN
SOME CAPITAL-RECEIVING COUNTRIES

At a meeting in September 1970 the Directing Committee instructed the Working Group to provide APPI Members at appropriate times with information on events and developments in capital-receiving countries which have led to discussions and criticism by the Directing Committee and, in some cases, to action on their part.

For this purpose a report on events which took place during 1970 is attached herewith. This report is, and can only be, very condensed; it is not so much detailed information on each event with which we are concerned as the general trends and lines which developments would seem to follow.

For the composition of this paper much benefit has been derived from information supplied by APPI Members. Comments and new information on events which strike Members as being of interest will be most welcome.

L. H. SANDBERG
Administrator

2

1 ~~GAAP~~ FYI
2 ~~VED HOFFMAN~~
3 ~~KEARNS~~

Files

January 22, 1971

Alfred E. Davidson

APPI ce

January 20, 1971 - Zurich - Crédit Suisse

I met with the top Manager, Dr. Reinhardt, and his Assistant Manager, Dr. Alex Fankhauser, to speak about possibilities of collaboration with IFC. The latter had attended the BIAC luncheon in Paris in December at which I spoke.

In addition, we spoke of the possibilities of collaboration with APPI (International Association for the Promotion and Protection of Private Foreign Investments) of which Dr. Reinhardt is President. This is perhaps the most prestigious private organization, seeking to protect and extend the interests of private enterprise working in the underdeveloped countries. A list of their members is attached.

APPI will invite me to speak at a forthcoming meeting. In the meantime, they would like me to see their Secretary-General in The Hague. In particular, they would like to exchange information on incentives and disincentives to private investment in the underdeveloped countries. They would particularly like to meet any IFC people coming to Europe who are knowledgeable about India.

I promised to send our one-page memorandum and Annual Report.

cc: Mr. J.M. Kearns

Enc. Mr. Qureshi
Mr. Richard's

*Evil, not
this far west
trip to Europe*

C

MEMBERS OF THE DIRECTING COMMITTEE

(in alphabetical order)

1 July 1970

Dr. Eberhard Reinhardt, President	Chief General Manager of the Swiss Credit Bank	Switzerland	Sir Frank Roberts	Advisory Director of Unilever Ltd. Adviser on International Affairs to the Corporation of Lloyds Director of Dunlops	United Kingdom
Mr. Hermann J. Abs	Chairman of the Supervisory Board, Deutsche Bank AG	Germany			
The Marques de Bolarque	Chairman of the Board of Directors and President of the Executive Committee, Banco Urquijo	Spain	Mr. A. W. Rost Onnes	Managing Director of the Algemene Bank Nederland N.V.	Netherlands
Dr. Carlo Bombieri	Managing Director, Banca Commerciale Italiana	Italy	Mr. George Russell	Vice-Chairman of the Board of Directors, General Motors Corporation	United States
Mr. Arthur H. Dean	Senior Partner Sullivan & Cromwell, New York	United States	The Rt. Hon. Lord Shawcross of Friston, P.C., Q.C.	Director of The "Shell" Transport and Trading Company Ltd. and other companies and former President of the Board of Trade	United Kingdom
Mr. J. de Fouchier	President of the Compagnie Financière and of the Banque de Paris et des Pays-Bas	France	Mr. F. A. Smets	Vice-Chairman, Managing Director, Banque de Bruxelles	Belgium
Mr. Sumio Hara	President of the Bank of Tokyo Ltd.	Japan	Mr. Charles M. Spofford	Senior partner, Davis Polk Wardwell Sunderland & Kiendl, New York	United States
Mr. John D. Harper	President of the Aluminum Company of America	United States	Mr. D. U. Stikker		Netherlands
Mr. J. K. Jamieson	Chairman of the Board of Directors of the Standard Oil Company (New Jersey)	United States	Mr. Bent Suenson	Chairman, Privatbanken I Kjøbenhavn A/S	Denmark
H.E. Mr. René Massigli	Ambassadeur de France	France	Dr. Gerd Tacke	President and Chief Executive Officer, Siemens Aktiengesellschaft	Germany
Mr. W. Earle McLaughlin	Chairman and President of The Royal Bank of Canada	Canada	Dr. Heinrich Treichl	Member of the Managing Board, Creditanstalt-Bankverein	Austria
Mr. J. Melander	Managing Director Den norske Creditbank	Norway	Dr. h. c. Th. Waldesbühl	Member of the Board of Directors, Nestlé Alimentana, S.A.	Switzerland
Mr. Victor de Metz	Ingénieur en Chef au Corps des Mines and Chairman and President of the Compagnie Française des Pétroles	France	Dr. Marcus Wallenberg	Chairman of the Board Stockholms Enskilda Bank, Stockholm	Sweden
Mr. M. Nokin	Governor of the Société Générale de Belgique	Belgium	Mr. Leo D. Welch	Director of various corporations	United States
Mr. R. W. Norman	General Manager Bank of New South Wales	Australia			
Sir Duncan Oppenheim	President of the Board of Directors of the British-American Tobacco Company Ltd.	United Kingdom			

Note: The Directors are elected in a personal capacity and because of their public activities, and not as representatives of any financial or industrial interests with which they may be connected.

APPI

ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

Genève, Suisse

L. H. SANDBERG
Administrator
7A Nieuwe Parklaan
The Hague, Holland

Cables: APPI, The Hague
Telephone: (070) 54 49 44

35/70

30 July, 1970

To: MEMBERS OF THE APPI

The attached paper has been prepared for the use of those Members of the APPI who desire some information about the dealings by international organisations with matters concerning private foreign investment.

For this purpose a brief description is given of a few highly topical subjects and the way in which they are dealt with by a number of such organisations.

In making our choice, haphazard as it perhaps is, we had no intention other than to acquaint our Members with a few matters which are of specific interest to the APPI, and to provide them with some clues which may guide them in a field which, to a great extent, is reserved for specialists.

The problems highlighted in the paper concern the position and function of private foreign investment in general. The scope of the paper does not therefore extend to the extremely important work being done by bodies such as IFC and ADELA, which are concerned with the development and realisation of investment opportunities rather than with the problems referred to above.

Wherever appropriate we have mentioned those Members of the two APPI Committees who are more directly involved in the activities of the organisations described in this paper.

L. H. SANDBERG

D



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date November 19, 1970	Document Type Letter			
Correspondents / Participants To: L.H. Sandberg, Administrator, International Association for Promotion and Protection of Private Foreign Investments From: Paul C. Szasz, Attorney				
Subject / Title [Letter and International Chamber of Commerce document 111/189]				
Exception(s) Information Restricted Under Separate Disclosure Regimes and Other Investigative Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date August 21, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date August 21, 2023
Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

✓ APPL.
cc: Invest. Guarantee
+ Insurance.

INCOMING CABLE

DATE AND TIME
OF CABLE:

MAY 22, 1970

LOG NO.:

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TO:

INTBAFRAD

FROM:

STOCKHOLM

ROUTING

ACTION COPY:

MRS. BOSKEY

INFORMATION
COPY:

DECODED BY:

TEXT:

FOR MRS. BOSKEY

IN VIEW APPI MEETING ZUERICH 28 - 29 JUNE ANXIOUS OBTAIN LATEST

INFORMATION MULTILATERAL INVESTMENT GUARANTEE SCHEME ENQUIRY

RE LOSS-CHARING ETC. MAY I CALL YOU BY TELEPHONE MAY 27? MY

CABLE ADDRESS NITTON STOCKHOLM BEST REGARDS

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MRS. BOSKEY

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COPY:
INFORMATION

MAY 22, 1970

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FOR MRS. BOSKEY

IN VIEW APTI MESSAGE NUMBER 28 - 29 JUNE ANXIOUS OBTAIN LATEST

INFORMATION MULTINATIONAL INVESTMENT GUARANTEE SCHEME INQUIRY

RE LOSS-CHARGING ETC. MAY I CALL YOU BY TELEPHONE MAY 27 MY

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Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date March 18, 1970	Document Type Letter			
Correspondents / Participants To: Mr. Aron Broches, General Counsel, IBRD From: L.H. Sandberg, Administrator, International Association for Promotion and Protection of Private Foreign Investments				
Subject / Title [Update on treaties signed and ratification]				
Exception(s) Information Restricted Under Separate Disclosure Regimes and Other Investigative Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

APP 1

February 10, 1970

Dear Irene:

On my return from Italy I found your letter of December 31 and thank you for the information which I have passed on to the "proper quarters."

Rysia and I will be in New York for the whole of next week and look forward to seeing you again.

Very sincerely yours,

Federico Consolo

Miss Irene Winkelman
One Rockefeller Plaza
New York, N.Y. 10020

PC:imcd


SECTION
COMMUNICATIONS
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February 10, 1970

Dear Irene:

On my return from Italy I found your letter of December 31 and thank you for the information which I have passed on to the "proper quarters." Reta and I will be in New York for the whole of next week and look forward to seeing you again.

Very sincerely yours,

Federico Conzolo

Miss Irene Winkelman
One Rockefeller Plaza
New York, N.Y. 10020

FC:lmcc


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COMMUNICATIONS SECTION



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date Nov. 25, 1969 - Dec. 30, 1969	Document Type Letters, cable			
Correspondents / Participants Paul C. Szasz, Legal, ICSID; Aron Broches, General Counsel; and Mr. Michael Brandon, APPI;				
Subject / Title [Update on bilateral investment agreements]				
Exception(s) Information Restricted Under Separate Disclosure Regimes and Other Investigative Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Kim Brenner-Delp	Date August 21, 2023			



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date October 27, 1969	Document Type Letter			
Correspondents / Participants To: Mr. James S. Raj, Vice President, International Finance Corporation From: Michael Brandon, Association Internationale pour la Promotion et la Protection des Investissements Prives en Territoires Etrangers;				
Subject / Title [Appointment as APPI Observer]				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
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Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

ROUTING SLIP

Date

October 6, 1969

NAME

ROOM NO.

1. ~~Mr. Broches~~

2. Files

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

REMARKS

From

(Sgd.) Shirley Boskey

✓ APPI
cc - Investments - Guarantee & Insurance

October 6, 1969

Mr. E. Reinhardt ✓
President
APPI
92, rue du Rhone
1204 Geneva
Switzerland

Dear Mr. Reinhardt:

Mr. McNamara has asked me to acknowledge your letter of September 26, concerning the draft Articles of Agreement for an International Investment Insurance Agency, with which was enclosed a copy of a memorandum which your Association (APPI) submitted to the Pearson Commission.

We agree with APPI that it should not be a condition of the scheme's effectiveness that all of the capital-exporting member countries of the World Bank adhere to it at the outset. Indeed, as you know, under the terms of the present draft the Agreement would come into force with a minimum of five such members (plus at least 10 developing country members). However, several of the countries which have indicated their support in principle of the investment insurance scheme have also stated that they consider it important that the Agency's initial membership include the larger of the capital-exporting countries. It is primarily for this reason that, given the announced intention of Germany, Japan and the United Kingdom not to become initial participants in the scheme, discussion of the second draft of Articles has been postponed until the position of the United States could be ascertained.

It is our understanding that, in expressing the view that it is "vital that the scheme be devised so as to generate a favourable investment climate" and that it is "essential ... that foreign investors be treated by host countries in accordance with the pertinent rules of international law", APPI intends to suggest, as it proposed in its earlier comments to the Bank and in the memorandum to the Pearson Commission, that the Articles should provide for more favorable treatment of insurance covering investments to be made in a

October 6, 1969

country which has entered into an investment protection agreement. As to this, I can only refer you to the explanatory statement on page 6 of Annex B to the 1968 draft of Articles, that it was the consensus of the Committee of the Whole of the Executive Directors that the provisions of the Articles concerning eligibility for insurance should not refer explicitly to treatment of foreign investors, but that the absence of such a reference was not intended to preclude the Agency from taking the situation into account. Indeed, it may be assumed that, before issuing insurance, the Agency would satisfy itself that the foreign investment climate in the particular host country was not such as to create an undue risk of loss.

I might add that this issue, like all others, is not yet foreclosed, nor will it be until the final text of the Articles is approved by the Executive Directors for submission to governments. Although the indications thus far have been that the developing countries are opposed to a charter provision and that, in the light of that attitude, the capital-exporting countries do not consider an explicit provision essential, it is certainly open to any country to raise the issue again. As you know, the only developed country which felt strongly that there should be a charter provision is Germany, which has repeatedly emphasized its intention not to join the Agency.

Finally, there is the question of host country participation in loss-sharing. I believe APPI is fully familiar with the history of the loss-sharing provision. This issue, too, remains open. As noted in Annex B to the 1968 draft, some members of the Committee of the Whole felt that capital-importing countries should accept some liability for losses; the Alternate U.S. Executive Director, whose views were set forth in a separate paper, expressed the hope that the developing countries would participate in the scheme financially, at least to the extent of sharing administrative expenses. As you may have seen, the report of the Pearson Commission, in proposing that talks leading to the establishment of a multilateral investment insurance scheme "should be pursued vigorously", comments that a "soundly based multilateral system could ... involve both developed and developing countries in the insurance risks". It may be that when and if the detailed provisions of the draft Articles are discussed, the developing countries will be prepared to agree to some share in losses. Certainly those members of the Bank staff who have been concerned with the scheme would agree that loss-sharing by all participants would be desirable if it could be achieved.

Mr. E. Reinhardt

- 3 -

October 6, 1969

We have noted and we shall keep in mind APPI's kind offer to submit detailed observations on an insurance scheme simpler in form and more limited in scope than the one now under consideration, should the Executive Directors conclude that a scheme along the lines of the present draft but providing for loss-sharing by all participants would not be feasible.

We appreciate APPI's continued interest in the proposal.

Sincerely yours,



Richard H. Demuth
Director
Development Services Department

 SE/05key:tsb

Incoming letter and yellow copy to

1. Mr. Broches
2. Files

VA P P I
cc investissements - garantie & assurance

ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

92, RUE DU RHONE - 1204 GENÈVE (SUISSE) - TÉL. GENÈVE 761400 - CABLES: APPINT GENÈVE

LE PRÉSIDENT

Mr. Robert S. McNamara
President
International Bank for Reconstruction
and Development
1818 H Street N.W.
WASHINGTON, D.C. 20433
U.S.A.

26 September 1969

Dear Mr. McNamara,

I may refer to the comments of this Association (APPI) submitted at the invitation of your Staff, in March 1967 and in December 1968 on the first and second drafts respectively of the Articles of Agreement for an International Investment Insurance Agency.

We summarized our views on this matter in mid-June 1969 in a memorandum submitted, by invitation, to the Staff of the Pearson Commission on International Development on measures that capital-exporting countries should take to stimulate a greater flow of private foreign investment towards the developing countries. For convenience, please find attached paragraphs 41-45 of this memorandum dealing with the proposed International Investment Insurance Agency.

The APPI believe that the establishment of the proposed Agency will be an important step in the stimulation of a greater flow of private capital towards the developing countries. In this general respect, I may emphasize three major points:

i) The APPI believe that the fact that only a limited number of capital-exporting countries may wish to adhere at the outset, should not be allowed to prevent the scheme from becoming effective.

ii) It is vital that the scheme be devised so as to generate a favourable investment climate. Therefore essential to the whole operation, is that foreign investors be treated by host countries in

LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS
ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET

92, RUE DU RHONE - 1204 GENÈVE (SUISSE) - TÉL. GENÈVE 781400 - CABLES : APRINT GENÈVE

LE PRÉSIDENT

U.S.A.
WASHINGTON, D.C. 20433
1818 H Street N.W.
and Development
International Bank for Reconstruction
President
Mr. Robert S. McNamara

26 September 1969

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We summarized our views on this matter in mid-June 1969 in a memorandum submitted, by invitation, to the staff of the Pearson Commission on International Development on measures that capital-exporting countries should take to stimulate a greater flow of private foreign investment towards the developing countries. For convenience, please find attached paragraphs 41-45 of this memorandum dealing with the proposed International Investment Insurance Agency.

The APPI believe that the establishment of the proposed Agency will be an important step in the stimulation of a greater flow of private capital towards the developing countries. In this general respect, I may emphasize three major points:

i) The APPI believe that the fact that only a limited number of capital-exporting countries may wish to adhere at the outset, should not be allowed to prevent the scheme from becoming effective.

ii) It is vital that the scheme be devised so as to generate a favourable investment climate. Therefore essential to the whole operation, is that foreign investors be treated by host countries in

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accordance with the pertinent rules of international law.

iii) The participation by all member countries of the Agency in the financial obligations is a vital requirement. Specifically, host countries should be required to participate at least to some extent in loss-sharing.

We are concerned about the slow progress being made with regard to the proposed Agency and wish to urge that discussion of the second draft of the Articles of Agreement be actively pursued notwithstanding the present hesitancy on the part of some capital-exporting countries.

Unless the fundamental principle of loss-sharing is introduced, there would hardly seem to be sufficient justification for the formidable efforts to create the Agency beside the growing network of national insurance schemes. Instead, it would in the opinion of the APPI be preferable to concentrate on the establishment of a simpler multilateral scheme which would have two specific purposes of practical value and of increasing importance both to investors and to the developing countries namely multinational investments and reinsurance.

A multilateral scheme would be useful for multinational investments of the consortium type for two reasons. One is that only such a scheme could provide coverage for the enterprise established in a particular country by a multinational consortium and the other is that without such a scheme participants in a consortium become involved in very considerable negotiating difficulties given the different requirements of national investment guarantee systems.

A multilateral scheme could also be used for the reinsurance of risks covered under national systems. Some of the national systems have low financial ceilings and reinsurance facilities would provide for expansion.

If the further consideration by the Bank's Executive Directors leads to the conclusion that a fullyfledged scheme with loss-sharing by all participants is not feasible, and that a simplified scheme for the abovementioned purposes would be a useful mechanism, the APPI would be glad to submit to your Staff, in due course, detailed observations.

Yours very truly,



E. Reinhardt

The proposed International Investment Insurance Agency

41. The APPI believes that the establishment of the proposed International Investment Insurance Agency will be an important step in the stimulation of a greater flow of private capital towards the developing countries, provided that the scheme be devised so as to generate a favourable investment climate. Therefore, essential to the whole operation is that foreign investors be treated by host countries in accordance with the pertinent rules of international law. The Agency is only concerned with "new investments", but these will not be attracted - even under a multilateral guarantee scheme - to countries which do not afford proper protection to existing investments.

42. Specifically, the APPI urges that the industrialized countries should insist that in the Articles of Agreement it be provided that the Agency should give more favourable treatment (e.g. rebates in premium, higher percentage of coverage) in respect of insurance in host countries where the government has concluded with the government of the investor concerned, a bilateral investment promotion and protection agreement based upon the principles of international law.

43. Unless the fundamental principle of a modicum of loss-sharing by all participants in the Agency is accepted, the APPI suggests that the capital-exporting countries should concentrate on and take a positive attitude towards a simplified multilateral scheme which would have two specific purposes of practical value and of increasing importance both to investors and to the developing countries.

44. Firstly, for multinational investments. Private development financing drawn from multinational sources will become more prevalent. Investment through consortia facilitates the financing of large projects and thus adds to the flow of new capital towards the developing countries. A multilateral scheme would be useful for multinational investments of the consortium type for two reasons. One is that only a multilateral scheme can provide coverage for the enterprise established in a particular country by a multinational

consortium. Whilst the participants in the consortium would be able to obtain insurance cover for their share interest under their respective national schemes, the enterprise itself established by them would not. The other is that each participant in such a consortium is obliged to insist on special terms in order to satisfy the requirements of its national scheme. Such terms are almost invariably mutually inconsistent, thereby creating great negotiating difficulties for multinational consortia.

45. Secondly, a multilateral scheme could be used for the reinsurance of risks covered under national schemes. Reinsurance is gaining in importance because some of the recently enacted national schemes have low financial ceilings. Thus, reinsurance facilities would provide for expansion.



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date September 15, 1969	Document Type Letter			
Correspondents / Participants To: Mr. Frederico Consolo From: A. Broches				
Subject / Title [Letter no. 14 - acknowledgment of letter, invitation to APPI Board dinner]				
Exception(s) Information Restricted Under Separate Disclosure Regimes and Other Investigative Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date August 21, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date August 21, 2023
Withdrawn by Kim Brenner-Delp	Date August 21, 2023			

Mr. William Clark

Paris, July 18, 1969

A. Broches

"Association Internationale pour la Promotion et la
Protection des Investissements Privés en
Territoires Etrangers (A.P.P.I.)"

With reference to my note to you on the subject of
the dinner to be given by the directing committee of A.P.P.I.,
I am sending you attached the list of members of that
committee as of June 1, 1968.

Att.

(Initialed) A. B.



Record Removal Notice

File Title Bank Administration and Policy - Association of International Study for the Promotion and Protection of Private Investment - 1969 / 1971 Correspondence		Barcode No. 1056750		
Document Date June 24, July 11, 1969	Document Type Letter			
Correspondents / Participants Mr. Michael Brandon, Association Internationale pour la Promotion et la Protection des Investissements Prives en Territoires Etrangers; and R.B.J. Richards, General Counsel and Mr. Martin Rosen, Executive Vice President, International Finance Corporation				
Subject / Title [Letter of June 24 regarding IFC, investment incentives]				
Exception(s) Information Provided by Member Countries or Third Parties in Confidence				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kim Brenner-Delp</td><td>Date August 21, 2023</td></tr></table>	Withdrawn by Kim Brenner-Delp	Date August 21, 2023
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ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

92, RUE DU RHONE - 1204 GENÈVE (SUISSE) - TÉL. GENÈVE 76 14 00 - CABLES : APPINT GENÈVE

REF.: 266/69

SECRÉTAIRE EXÉCUTIF
MICHAEL BRANDON

Mrs. Shirley Boskey,
Development Services Department,
International Bank for Reconstruction
and Development,
1818 H Street N.W.,
Washington D.C. 20433.

11 April 1969

Dear Mrs. Boskey,

We have a meeting of our Directing Committee in Vienna in early May.

I should very much appreciate it, for the purposes of such meeting, if you could kindly let me know the current situation concerning the draft Articles of Agreement for the International Investment Insurance Agency. Do you in particular plan to have the present examination completed by the time of the 1969 Annual Meetings?

I shall hope to see you later this year since the next meeting of the APPI's Directing Committee will be held in New York on 25-26 September. In the meantime, I look forward to hearing from you and send my best thanks in advance.

With kind regards,

Yours sincerely,

Michael Brandon

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ASSOCIATION INTERNATIONALE POUR LA PROMOTION ET
LA PROTECTION DES INVESTISSEMENTS PRIVÉS EN TERRITOIRES ÉTRANGERS

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With kind regards,

Yours sincerely,

Handwritten signature in blue ink

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COMMUNICATIONS
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April 17, 1969

Dear Mr. Brandon:

I am replying to your letter of April 11 (266/69), asking for information on the current status of the draft Articles of Agreement for an international investment insurance agency, in particular whether the review of the second draft will be completed by the time of the 1969 Annual Meetings.

I am sure that it will not be. In my letter to you of September 6, 1968, I said that the Directors would not begin to take up the new draft until the middle of November at the earliest. However, while some Directors had received the views of their governments by the end of the year, a number of governments, including the United States, had not at that time formulated a position. It now appears that we shall not know before the beginning of May whether enough governments continue to be interested in the scheme to warrant proceeding with consideration by the Executive Directors of the provisions of the second draft. Assuming that it is decided to go ahead, the schedule of the Executive Directors, which is already crowded with operational and other matters, and which will be interrupted by the usual two-week summer recess, will surely not permit completion of the review by the fall.

Sincerely,



Shirley Boskey
Development Services Department

Mr. Michael Brandon, Secretary
International Association for the
Promotion and Protection of
Private Foreign Investments
92 rue du Rhone
1204 Geneva, Switzerland

SEBoskey:tsb