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THE WORLD BANK

Washington, D.C.

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G.D. Woods Country Corresp. - Malaysia

Apr. 1968



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President George D. Woods Country Correspondence Files: Malaysia - Correspondence  
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## ROUTING SLIP

Date

April 11, 1968

## OFFICE OF THE PRESIDENT

Name	Room No.
Mr. Robert S. McNamara	1220

	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

It is a coincidence that having talked with you about the Deputy Prime Minister of Malaysia yesterday I should receive the attached communication from him, via his Executive Director. A copy of my acknowledgment is attached.

G. D. Woods

From

**ROUTING SLIP**

Date

April 11, 1968

**OFFICE OF THE PRESIDENT**

Name	Room No.
Mr. Cargill (on return)	600'

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

**For your information.**

**No copies were made of the Deputy Prime Minister's letter.**

**G. D. Woods**

From

W -  
Malaysia

April 11, 1968

My dear Mr. Deputy Prime Minister:

Your letter dated March 27 has just reached me. I am handing it to Mr. Robert S. McNamara, who succeeded to the presidency of the Bank on April 1, and I have no doubt that you will hear from him in due course, after Mr. Cargill returns and has reported to him regarding the discussions to which you refer in paragraph 6 of your letter.

Thank you for your kind personal expressions. While I had considered the possibility that Mr. McNamara and I might visit you at about this time, I regret that because of a combination of events such a trip was not feasible.

Warmest regards.

Sincerely yours,

(Signed) George D. Woods

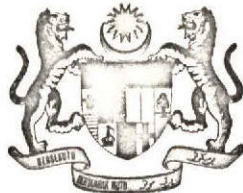
George D. Woods

His Excellency  
Tun Haji Abdul Razak Bin Hussein  
Deputy Prime Minister Malaysia  
Kuala Lumpur, Malaysia

GDW/s

cc: Mr. McNamara (with incoming)  
Mr. Cargill (on return)

Telegraphic Address—PERDANA  
Telephone No. 88350



Kuala Lumpur

JPM. 21467.

27th March, 1968.

DEPUTY PRIME MINISTER MALAYSIA

AIRMAIL

Mr. George D. Woods,  
President,  
International Bank for Reconstruction  
and Development,  
1818 H. Street, N.W. Washington D.C.,  
20433, U.S.A.

*Dear Mr. Woods,*

Thank you for your letter of 31st January, 1968, regarding preparations for the next meeting of the Consultative Group for Malaysia.

2. I can assure you that we are according very high priority to the work of mobilising external assistance. Since the last Consultative Group meeting in London, our efforts on this task have been considerably intensified. Both the Treasury and the Economic Planning Unit have been and are continuing to be strengthened for the work involved. Action is also underway to build up the various operating departments in project preparation. I, myself, am very encouraged by the work and progress being made by Malaysian officials in this important task.

3. I do share the concern about the slow rate of commitment of bilateral finance from external sources. However, you would, I am sure, agree that sustained efforts are required by both the Malaysian Government as well as donors in removing major bottlenecks impeding the absorption of existing bilateral offers of credit. Specific difficulties encountered have been explained to various Bank Missions that have visited Kuala Lumpur and we greatly appreciate their advice on the resolution of some of these problems.

4. Since the London meeting of the Consultative Group, we have received offers of bilateral finance (including commercial credits) amounting to \$560 million to meet our foreign loan requirements of M\$1,350 million. Although the amount is inadequate relative to our needs, a matter of great concern to me is the tying of almost all of these offers to the exports of donor countries. Considering the size of our economy, the absence of a large public industrial sector and, consequently, the limited import content of the bulk of our projects in the public sector, the feasibility of using these export-tied credits is very limited.

/2...

5. On the question of the timing of the next meeting of the Group, I agree that it would not be fruitful to hold a further meeting of the Group until there are more tangible indications that substantial portions of the bilateral finance offered can be utilised. Every effort is being made to accelerate the absorption of external assistance, and besides the strengthening of our administrative machinery, we have also modified our long standing policy on international competitive bidding. My Government hopes that a similar gesture will also be made by donor countries towards relaxing the conditions attached to their aid offers which have rendered a substantial portion of these offers ineffective. Particularly, it would be of considerable assistance to us if the Bank would use its good offices to persuade donors to permit the use of some portion of their offers to finance the local costs of projects.

6. I have discussed these problems generally with Mr. Cargill and recently with Messrs. Goodman and Bernard Bell, and we are all agreed that in the circumstances, the next meeting of the Group may be held in early Spring in 1969. Since the extent of our success in resolving some of the major bottlenecks cannot be estimated so far in advance, I suggest that a firmer date could be fixed after discussion with your Economic Mission which will be here in mid-July.

7. I would like to take this opportunity of expressing, on behalf of the Government, our deepest appreciation to you for the assistance rendered by the Bank and I very much hope that both you and Mr. McNamara would be able to pay us a visit soon.

With best wishes.

*Yours sincerely,*

*Abdullah Razak*

(TUN HAJI ABDUL RAZAK BIN HUSSEIN)