Folder Title:	Deutsche Bundesbank - Bonds - Borrowing - 258 Million Deutsche Marks - 6 Percent Notes -1968 - Correspondence
Folder ID:	1052476
Dates:	06/26/1968-07/29/1968
Fonds:	Records of the Office of the Treasurer
ISAD Reference Code:	WB IBRD/IDA TRE
Digitized:	9/10/2020

THIS FILE IS CLOSED AS OF

DECEMBER 1968.

FOR FURTHER CORRESPONDENCE SEE:

1969 - 1971.

RECORDS MANAGEMENT SECTION
February 1969

Mr. Paul C. Szasz

W. M. van Saagsvelt

July 29, 1968

Attached please find a letter from the Deutsche Bundesbank dated July 23, 1968 and the enclosed signed Agreement regarding the borrowing on August 1, 1968.

You are kindly requested to send the letter and the Agreement to Official Documents. A copy of the letter and the Agreement is also enclosed herewith for your files.

cc: Mr. Deely/Sec.Div.Files

WMvanSaagsvelt:is

Resolution No. 68-49

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bonds Borrowing - Deutsche Bundesbank - 258 Million Deutsche Marks - 6 Percent Notes of 1968	1052476

Document Date	Document Type
Jul 24, 1968	Board Record

Correspondents / Participants

Subject / Title
E.D. 's Meetings - Minutes

Exception No(s).

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 A-C ☐ 10 D ☐ Prerogative to Restrict

Reason for Removal
Board Record

Additional Comments
Declassification review of this record can be initiated upon request

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by	Date
Chandra Kumar	Jul 28, 2014

Borrowing - General
Mr. Dealey 6 Feb to Aug 68
Bill

DEUTSCHE BUNDESBANK

Deutsche Bundesbank · 6 Frankfurt 1 · Postfach 36 11

International Bank for
Reconstruction and
Development
1818 H Street, N.W.
Washington D.C. 20433 / USA

AIR MAIL REGISTERED

Bitte in der Antwort angeben	Ihr Zeichen und Ihre Nachricht vom	Frankfurt am Main
J 120/8406/68		July 23, 1968

Betreff

Gentlemen,

we confirm receipt of your letter dated July 18, 1968 setting forth the arrangements concerning the issuance of two new Notes in the aggregate principal amount of DM 258 000 000 when Notes and Temporary Certificates in the amounts of $ 32 000 000 and DM 130 000 000 presently hold by us will mature August 1, 1968. In compliance with your request we enclose copy of your letter mentioned above signed by us.

Enclosure

Very truly yours

DEUTSCHE BUNDESBANK

ppa. Blessing

COPY

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

July 18, 1968

Deutsche Bundesbank
Frankfurt (Main)
Federal Republic of Germany

Gentlemen:

I am writing to confirm the understanding between us that the Deutsche Bundesbank will lend to the International Bank for Reconstruction and Development, and the International Bank will borrow from the Deutsche Bundesbank, on August 1, 1968:

(i) one hundred and thirty million Deutsche mark (DM 130,000,000) with interest at the rate of 6% per annum payable on February 1, 1969, and semi-annually thereafter on August 1 and February 1 in each year, maturing on August 1, 1972; and

(ii) one hundred and twenty-eight million Deutsche mark (DM 128,000,000) with interest at the rate of 6% per annum payable on February 1, 1969, and semi-annually thereafter on August 1 and February 1 in each year, maturing on August 1, 1973.

The International Bank's obligations are to be represented by two Promissory Notes, in the form annexed hereto, in the principal amounts and with the maturity dates set forth above, each dated August 1, 1968. The International Bank agrees, on request by the Deutsche Bundesbank, to exchange any of these Notes for Notes of the same tenor in smaller denominations and in a like aggregate principal amount.

On August 1, 1968, the International Bank will deliver to the Federal Reserve Bank of New York for the account of the Deutsche Bundesbank the two Notes mentioned above, in the aggregate principal amount of DM 258,000,000, and will pay to the Federal Reserve Bank of New York for the account of the Deutsche Bundesbank $32,000,000 in Federal Reserve Bank of New York funds, all against the payment by the Deutsche Bundesbank of DM 128,000,000 to the International Bank by crediting the latter's account on the books of the Deutsche Bundesbank, and the surrender by the Deutsche Bundesbank of the following Notes and Temporary Certificates of the International Bank:

(a) to the Federal Reserve Bank of New York for the account of the International Bank:

(i) twenty million dollars ($20,000,000), principal amount 4-1/8% Note(s) dated August 1, 1964, due August 1, 1968; and

(ii) eighty million Deutsche mark (DM 80,000,000), principal amount 4-1/8% Note(s) dated August 1, 1964, due August 1, 1968.

(b) directly to the International Bank in Washington, D.C.:

(i) twelve million dollars ($12,000,000), principal amount 4-1/2% Temporary Certificate(s) dated August 1, 1960, due August 1, 1968; and

(ii) fifty million Deutsche mark (DM 50,000,000), principal amount 4-1/2% Temporary Certificate(s) dated August 1, 1960, due August 1, 1968.

The International Bank will also pay on August 1, 1968, to the Federal Reserve Bank of New York and to the Deutsche Bundesbank interest accrued to that date on the maturing Notes and Temporary Certificates.

The Deutsche Bundesbank agrees that, upon disposing of any of the new Notes, it will notify the International Bank of the name and the address of the transferee thereof and will make a notation thereon of the date to which interest thereon has been paid.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Robert W. Cavanaugh

Robert W. Cavanaugh
Treasurer

Attachments (2)

Confirmed:

DEUTSCHE BUNDESBANK

by

Frankfurt (Main), July 23, 1968

FEDERAL RESERVE BANK OF NEW YORK
NEW YORK, N. Y. 10045
AREA CODE 212 732-5700

BRUCE K. MACLAURY
VICE PRESIDENT

July 18, 1968

Mr. Robert W. Cavanaugh, Treasurer
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Mr. Cavanaugh:

In Charlie Coombs' absence, I wish to thank you for your letter of July 15 whereby you advise us of forthcoming refinancing operations by the IBRD with the Deutsche Bundesbank.

Sincerely yours,

B. K. MacLaury

B. K. MacLaury

July 18, 1968

Deutsche Bundesbank
Frankfurt (Main)
Federal Republic of Germany

Gentlemen:

I am writing to confirm the understanding between us that the Deutsche Bundesbank will lend to the International Bank for Reconstruction and Development, and the International Bank will borrow from the Deutsche Bundesbank, on August 1, 1968:

(i) one hundred and thirty million Deutsche mark (DM 130,000,000) with interest at the rate of 6% per annum payable on February 1, 1969, and semi-annually thereafter on August 1 and February 1 in each year, maturing on August 1, 1972; and

(ii) one hundred and twenty-eight million Deutsche mark (DM 128,000,000) with interest at the rate of 6% per annum payable on February 1, 1969, and semi-annually thereafter on August 1 and February 1 in each year, maturing on August 1, 1973.

The International Bank's obligations are to be represented by two Promissory Notes, in the form annexed hereto, in the principal amounts and with the maturity dates set forth above, each dated August 1, 1968. The International Bank agrees, on request by the Deutsche Bundesbank, to exchange any of these Notes for Notes of the same tenor in smaller denominations and in a like aggregate principal amount.

On August 1, 1968, the International Bank will deliver to the Federal Reserve Bank of New York for the account of the Deutsche Bundesbank the two Notes mentioned above, in the aggregate principal amount of DM 258,000,000, and will pay to the Federal Reserve Bank of New York for the account of the Deutsche Bundesbank $32,000,000 in Federal Reserve Bank of New York funds, all against the payment by the Deutsche Bundesbank of DM 128,000,000 to the International Bank by crediting the latter's account on the books of the Deutsche Bundesbank, and the surrender by the Deutsche Bundesbank of the following Notes and Temporary Certificates of the International Bank:

(a) to the Federal Reserve Bank of New York for the account of the International Bank:

(i) twenty million dollars ($20,000,000), principal amount 4-1/8% Note(s) dated August 1, 1964, due August 1, 1968; and

(ii) eighty million Deutsche mark (DM 80,000,000), principal amount 4-1/8% Note(s) dated August 1, 1964, due August 1, 1968.

(b) directly to the International Bank in Washington, D.C.:

97

Ack. July 23/68

(i) twelve million dollars ($12,000,000), principal amount 4-1/2% Temporary Certificate(s) dated August 1, 1960, due August 1, 1968; and

(ii) fifty million Deutsche mark (DM 50,000,000), principal amount 4-1/2% Temporary Certificate(s) dated August 1, 1960, due August 1, 1968.

The International Bank will also pay on August 1, 1968, to the Federal Reserve Bank of New York and to the Deutsche Bundesbank interest accrued to that date on the maturing Notes and Temporary Certificates.

The Deutsche Bundesbank agrees that, upon disposing of any of the new Notes, it will notify the International Bank of the name and the address of the transferee thereof and will make a notation thereon of the date to which interest thereon has been paid.

Please indicate your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

Robert W. Cavanaugh
Treasurer

Attachments (2)

Confirmed:

DEUTSCHE BUNDESBANK

by

Frankfurt (Main), 1968

cc: Mr. von Hofe
Mr. Broches
Mr. Cavanaugh
Mr. Prins
Mr. Rutland
Mr. Saasa
Mr. de Lasseps
Mr. Deely/Sec. Div. Files

WHVanSaagsvelt:ls

IDA | IBRD | IFC

FORM NO. 92 (4-68)

CORRESPONDENCE RECORD FORM

FROM

Walter Bender
Deutsche Bundesbank
Frankfurt

DATED

July 17, 1968

SUBJECT

Encl. two non-transferrable temporary certificates in regard to renewal of Bundesbank Loans. Requesting delivery of notes to Federal Reserve Bank of New York

ADDRESSED TO	ROUTED TO	DATE RECEIVED
Mr. McNamara	Mr. Cavanaugh	July 22, 1968

FORM NO. 89
(2.66)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

ROUTING SLIP

Date 7/16/68

OFFICE OF THE PRESIDENT

Name	Room No.
Sir Denis Rickett	

	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

Many thanks.

From RBS

FORM NO. 26
(6-65)

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

INCOMING CABLE

DATE AND TIME OF CABLE: JULY 16, 1968 1657

LOG NO.: ITT TELEX / 16

TO: INTBAFRAD

FROM: FRANKFURTMAIN

ROUTING	
ACTION COPY:	MR. CAVANAUGH
INFORMATION COPY:	MR. MCNAMARA Has seen RS 7/16
DECODED BY:	

TEXT:

329 FOR PRESIDENT ROBERT S. MCNAMARA

REFER YOURS 15 WE AGREE YOUR PROPOSAL FOR A RATE OF 6%

ON NEW NOTES AND ARE PREPARED TO DISCUSS AT ANY TIME

BASIS FOR SETTING INTEREST RATE ON FUTURE BORROWINGS

DEUTSCHE BUNDESBANK

SGD. DR. EMMINGER SGD. TUENGELER

TEST 500

IR

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021

ORIGINAL

TYPED

Interest Rate Memo

Borrowing - Germany
6% notes aug 1968
Interest Rate

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

July 16, 1968

MEMORANDUM

Re: Notes for the Deutsche Bundesbank, dated August 1, 1968

Pursuant to the Authority granted to the President or any Vice President or the Treasurer by Resolution 68-49 adopted by the Executive Directors of the Bank on this day, for the creation of two issues of Notes dated August 1, 1968 and maturing as to DM 130,000,000 on August 1, 1972 and as to DM 128,000,000 on August 1, 1973, I hereby determine that the interest rate on the said Notes will be 6%.

Robert W. Cavanaugh

Robert W. Cavanaugh
Treasurer

Form No. 27
(7-61)

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

OUTGOING WIRE

TO: DEUTSCHE BUNDESBANK

FRANKFURTMAIN

DATE: July 15, 1968

CLASS OF SERVICE: FULL RATE

R.G.H

COUNTRY: GERMANY

TEXT:

Cable No.:

THANKS URCAB 309 JULY FIVE WE AGREE WITH YOUR PROPOSALS FOR NEW MATURITIES AND DENOMINATION OF NOTES STOP YOU SUGGEST INTEREST RATE ABOUT ONE QUARTER PERCENT ABOVE RATE FOR US GOVERNMENT PAPER STOP US TREASURY SECURITIES MATURING IN FOUR AND FIVE YEARS NOW YIELD APPROXIMATELY 5-1/2% WHICH WOULD GIVE AN INTEREST RATE OF 5-3/4% FOR PROPOSED BORROWING STOP EYE NOTE THAT INTEREST RATE ON OUR LAST TWO BORROWINGS FROM BUNDESBANK WAS ABOUT 1/2% ABOVE RATE OF TREASURY SECURITIES THEREFORE EYE SUGGEST RATE OF 6% ON NEW NOTES HOWEVER EYE SHOULD LIKE TO DISCUSS AT YOUR CONVENIENCE BASIS FOR SETTING INTEREST RATE ON FUTURE BORROWINGS STOP REGARDS

MCNAMARA

INTBAFRAD

ack. July 16/68

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME

DEPT.

SIGNATURE Rainer B. Steckhan

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cc. Mr. Cavanaugh

For Use by Archives Division

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

DISPATCHED AFTER HOURS
DATE 7/15
INITIALS

INTERPAID

BONROMINGS STOP RECARDS

LIKE TO DISCUSS AT YOUR CONVENIENCE BASIS FOR SETTING INTEREST RATE ON FUTURE SECURITIES THEREFORE WE SUGGEST RATE OF 6% ON NEW NOTES HOWEVER WE SHOULD LAST TWO BONROMINGS FROM BUNDESBANK WAS ABOUT 1\3% ABOVE RATE OF TREASURY RATE OF 5-3\4% FOR PROPOSED BORROWING STOP WE NOTE THAT INTEREST RATE ON ONE IN BOOK AND WIVE AVERS NOW YIELD APPROXIMATELY 5-1\3% WHICH WOULD CIVE AN INTEREST PERCENT ABOVE RATE FOR US COVERNMENT PAPER STOP US TREASURY SECURITIES MATURING AND DENOMINATION OF NOTES STOP YOU SUGGEST INTEREST RATE ABOUT ONE QUARTER THANKS UNCAR YOU VERY WIVE ME ACREE WITH YOUR PROPOSALS FOR NEW MATURITIES

CALL NO.:

TEXT:

COUNTRY: CERMANY

FRANKFURTMAIN

TO: DEUTSCHE BUNDESBANK

CLASS OF SERVICE

FULL RATE

DATE

July 15, 1968

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

Dear Charlie:

As agreed I am sending you herewith Document Number R68-117 which was submitted to our Board of Directors in connection with our proposed borrowing from the Deutsche Bundesbank.

Best personal regards.

Sincerely,

Robert W. Cavanaugh
Treasurer

Enclosure

EMK/

ack July 18/68

Mr. Rainer B. Steckhan July 15, 1968

Robert W. Cavanaugh

Borrowing from the Bundesbank

As you requested, I am attaching another copy of the cable of July 5 which we received from the Bundesbank concerning the proposed August 1, 1968 borrowing. Also, there follows the information you requested on our last two borrowings from the Bundesbank which occurred on February 1, 1968 and August 1, 1967:

Issue Date	Maturity	Interest Rate	Rates On U.S. Treasuries	Rates On U.S. Agencies
8/1/67	4 yrs.	5-1/2%	5%	5-1/2%
2/1/68	4 & 5 yrs.	6-1/8%	5.60%	6.10%

cc: ~~Mr. Aldewereld~~
~~Mr. Broches~~
Mr. Poore
Mr. Rutland

Attachment

RWCavanaugh:emk

Mr. Robert S. McNamara July 12, 1968

Robert W. Cavanaugh

Borrowing from Deutsche Bundesbank

The Deutsche Bundesbank in answer to your letter of June 26 has proposed that the debt of the World Bank to them maturing August 1, 1968 be renewed in the form of Deutsche mark notes, with DM 130 million to mature August 1, 1972 and DM 128 million to mature August 1, 1973. The Bundesbank proposes that the interest rate should be about 1/4% above the interest rate on U.S. Government securities of similar maturities.

We have sent a Draft Resolution to the Executive Directors for their consideration on Tuesday, July 16, which would authorize the issuance of new notes as proposed by the Bundesbank. The Draft Resolution provides that the President, any Vice President, or the Treasurer may set the interest rate. If we contact the Bundesbank Monday, July 15, and agree on an interest rate for the new notes, you could advise the Executive Directors at the Meeting on July 16 as to the rate agreed. Although this is not necessary, it seems desirable, if possible.

The yield available today on U.S. Treasury issues maturing in four and five years is approximately 5-1/2% and on U.S. Agency issues is about 6%, thus averaging 5-3/4%. I recommend that we suggest a rate of 6% for consideration of the Bundesbank on this occasion.

Please let me know your wishes on this.

RWC

cc: Mr. Aldewereld

RWCavanaugh:emk

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: SENIOR STAFF MEETING SSM/M/68-27

DATED: July 9, 1968

TO:

FROM:

FILED UNDER: SENIOR STAFF MEETING

SUMMARY:

BANK BORROWING

4. Mr. Cavanaugh said that debt equivalent to $64.5 million, half in dollars and half in deutsche mark, due by the Bank to the Deutsche Bundesbank on August 1, would be renewed, DM 130 million for four years and DM 128 million for five years. The new debt would all be denominated in deutsche mark. The interest rate had not yet been settled. The Executive Directors would be asked to approve the transaction on July 16.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONFIDENTIAL

FOR EXECUTIVE DIRECTORS' MEETING

For consideration on July 16, 1968

FROM: The Secretary

R68-117

July 9, 1968

PROPOSED BORROWING FROM DEUTSCHE BUNDESBANK

The Bank has outstanding with the Deutsche Bundesbank $12,000,000 and DM50,000,000 principal amount of 4-1/2% Temporary Certificates issued in 1960 and $20,000,000 and DM80,000,000 principal amount of 4-1/8% Notes issued in 1964, all maturing on August 1, 1968. The Bank has arranged to replace these Temporary Certificates and Notes, equivalent to $64,500,000, by the issuance on August 1, 1968 of new Notes in the principal amounts of DM130,000,000 maturing on August 1, 1972 and DM128,000,000 maturing on August 1, 1973.

The attached draft resolution is recommended for approval.

Distribution:

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

Record Removal Notice

The World Bank Group Archives & Records Management

File Title	Barcode No.
Bonds Borrowing - Deutsche Bundesbank - 258 Million Deutsche Marks - 6 Percent Notes of 1968	1052476

Document Date	Document Type
Jul 9, 1968	Board Record

Correspondents / Participants

Subject / Title
Resolution No. 68 - Authorization to Borrow DM258,000,000

Exception No(s).

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 A-C ☐ 10 D ☐ Prerogative to Restrict

Reason for Removal
Board Record

Additional Comments
Declassification review of this record can be initiated upon request

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.

Withdrawn by	Date
Chandra Kumar	Jul 28, 2014

x-ref/- Germany-rep. Loans.

FORM NO. 26
(6-65)

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

INCOMING CABLE

DATE AND TIME OF CABLE: JULY 5, 1968 505 PM

LOG NO.: ITT TELEX/5

TO: INTBAFRAD

FROM: FRANKFURTMAIN

ROUTING	
ACTION COPY:	MR. CAVANAUGH
INFORMATION COPY:	TREASURER'S
DECODED BY:	

TEXT:

309

REFERRING TO LETTER OF PRESIDENT MCNAMARA OF JUNE 26, CONCERNING THE RENEWAL OF BUNDESBANK LOANS MATURING AUGUST 1 WE MAKE THE FOLLOWING PROPOSALS:

FIRST, DM 130 MILLION SHOULD BE RENEWED BY DM NOTES MATURING ON FIRST OF AUGUST 1972 (NINETEENSEVENTYTWO).

SECOND, DM 128 MILLION (BEING THE DM COUNTERPART OF DOLLAR 32 MILLION) SHOULD BE RENEWED BY DM NOTES MATURING ON FIRST OF AUGUST 1973 (NINETEENSEVENTYTHREE).

THIRD, INTEREST RATE SHOULD BE ABOUT ONE QUARTER PERCENT ABOVE THAT RULING FOR US GOVERNMENT PAPER OF SIMILAR MATURITIES.

988 TESTED 258 MILLION

DEUTSCHE BUNDESBANK
SGD. TUENGELER SGD. EMMINGER

ack. July 15/68
NA

FOR INFORMATION REGARDING CABLES, PLEASE CALL THE COMMUNICATIONS UNIT EXT. 2021

DUPLICATE

TYPED

Office of the President

June 26, 1968

Dear Mr. Blessing:

I was most pleased to learn that you are willing to renew the portion of our debt to you which matures August 1, 1968. I understand it is your desire that the US$32 million and the DM130 million maturing on that date be renewed entirely in the form of Deutsche mark notes. This is agreeable with us. Would you please advise me of your wishes as to the new maturity and interest rate for this renewal.

Your continued cooperation with the World Bank in these matters is very much appreciated by me.

Sincerely,

(Signed) Robert S. McNamara

Robert S. McNamara

Mr. Karl Blessing
President
Deutsche Bundesbank
Taunusanlage 4 - 6
Frankfurt am Main
Federal Republic of Germany

cc: Mr. vom Hofe
Mr. Aldewereld
Mr. Broches

RWCavanaugh:emk
June 25, 1968

RWB

ack. July 5/68