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# OFFICE MEMORANDUM

TO: Mr. G. M. Wilson

DATE: December 24, 1963

FROM: Dragoslav Avramovic *DA*

SUBJECT: Protection in Procurement Transactions

Attached is a draft paper for your consideration. Mr. Holland prepared the first draft, and Mr. Walstedt prepared Annex II. If you approve, we would draft early next week a proposed statement by the President to the Board.

cc. Mr. Knapp  
Mr. Cope



PROTECTION OF DOMESTIC SUPPLIERS IN INTERNATIONAL  
BIDDING FOR PROJECTS FINANCED BY THE BANK/IDA

I. Introduction

1. The problems which arise in connection with the protection of domestic enterprises in developing countries are formidably difficult: and they are of extreme importance. Given sufficient protection, a very wide range of output could be produced by domestic enterprises. Given no protection at all from foreign competition, the range of output from domestic enterprise in most developing countries will be severely restricted. The nature and extent of protection offered will therefore exercise a powerful influence on the whole pattern of development. An "optimum" level of tariffs will assure, in the longer run, the most efficient allocation of resources within the national economy in accordance with the principles of comparative advantage; and will provide an inducement for capital formation to take place in the appropriate sectors, industries and firms. An "excessive" protection may raise the rate of investment in the country, at least initially, but it will militate against the best long-term allocation of resources. Absence of protection, or a "too low" protection, may be responsible, at least in part, for economic stagnation; especially if world demand for the products which a country can export is sluggish or widely fluctuating.

2. Thus far, economic theory has failed to provide practical guidance on the solution of the problem of "optimum" protection. In a sense, the systematic study of economics had its origin in the issue of protection; and some of the basic theoretical structures in economies today are ultimately derived from discussions of the seemingly simple question of whether there should or should not be protection.<sup>1/</sup>

3. Perhaps the problem of protection has refused to yield because it goes to the heart of the general problem of economic growth. In order to decide on the "optimum" level and structure of protection for developing countries, we have to know, inter alia:-

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<sup>1/</sup> For example, the theoretical work of David Ricardo, probably the best of the classical economists, was stimulated by the policy issue of protection in the United Kingdom.



- (a) the schedule of comparative advantages of the country, and not on a static but in a dynamic sense 1/;
- (b) the likely future behavior of the developing country's external trade, and especially the demand prospects for primary products in international markets;
- (c) the pattern and speed of technological change in the world economy;
- (d) the economies of scale in each industry;
- (e) what profit rate is needed to induce entrepreneurs to move out from commerce or from the mortgage market into the unknown field of manufacturing with all its benefits and all its risks;
- (f) how long it takes for an industry to cease to be "infant" and to become mature.

4. To complicate the issue further, a developing country does not grow in a world of free trade, but in one full of restrictions. If the outside world, including the industrialized countries, restricts imports of agricultural products and of "light" manufactures because they are concerned with their own problems of employment, what is a developing country to do? It may have a comparative advantage in producing these kinds of goods, but it cannot sell them. Should it now stand still? Or should it start industries for the home market even if, at least initially, the scale of operations is not an optimum one? And who can say with certainty where the border line lies between what is needed for growth in an imperfect world and what represents a misallocation of resources to the detriment of growth?

5. Some work bearing on this problem has already been done in the Economic Staff: in particular, the conceptual framework within which protection may be economically justified has been explored. But much remains to be done before practical conclusions can emerge. Since the appropriate level and structure of protection for a particular country cannot be appraised in the absence of knowledge regarding the protection

1/ The most crucial limitation in the conventional theory of comparative advantage, which constitutes the core of the case for freer trade, is that it is fundamentally static. Comparative advantages are taken as given. But it is of the essence of the theory and practice of economic growth that comparative advantages cannot be taken as given. Indeed it is a major objective in development that comparative advantages should be changed.



offered by other countries, a systematic collection and analysis of protective practices on a world-wide basis will be needed. Again, no judgment on an appropriate level and structure of protection can be made without some assessment of the performance which can be expected from protected enterprises in developing countries. What is needed here is a thorough study of output, costs and profits in protected enterprises. For the first time in history we have, in the World Bank group of institutions, solid data which can help us to come to the root of this elusive subject, by yielding information on costs of production, and on the profit rates needed to stimulate the movement of capital into new production ventures. Furthermore, although it can be argued that the tariff issue ought to be separated from the issues of fiscal and exchange rate policy, it has to be recognized that protective devices may also serve other purposes. Tariffs, for example, may yield important revenues for the government, or they may serve to protect a country's balance of payments by curtailing imports, or they may compensate for an overvalued rate of exchange.

## II. Focus of the Paper

6. The World Bank group comes up against the problem of protection in several contexts. Firstly, it has to take a view on what level and structure of protection is appropriate when it is giving advice and making recommendations on the development policies which can most fruitfully be pursued by its member nations. Secondly, it has to take a view on what protection is appropriate for new enterprises in which it is considering taking a direct financial interest. This is especially relevant to the operations of the IFC and the development finance companies with which IFC is associated. Thirdly, the Bank has to take a view on what protection is appropriate in procurement transactions, when there are existing enterprises which could offer some or all of the supplies needed for Bank-financed projects.

*Can be inserted here*

7. This paper is exclusively concerned with the third issue, i.e., with the protection to domestic producers which it is appropriate to offer in procurement transactions. This is an issue of some immediate urgency, which cannot wait upon the results of the detailed studies which are necessary before substantial progress can be made on the general problem of protection. It is, of course, desirable that the solution of the procurement problem should take a form which can make a positive contribution to the solution of the other problems. The solution which is suggested in this paper should be considered as a working guide line, subject to revision. At a later date, the Economic Staff should be better equipped to substantiate with theoretical expertise and facts whatever further proposals it makes, not only on the problem of procurement but also on the more fundamental issues of the appropriate level and structure of protection in general, and of the appropriate protection for newly-established industries in particular.



### III. Alternatives

8. In setting the terms on which domestic producers may bid in procurement transactions, four alternative procedures are open to the Bank:-

- (a) giving no preference at all to domestic producers
- (b) giving an across-the-board margin of preference, irrespective of the existing level of domestic tariffs;
- (c) accepting the margin of preference offered by the existing domestic tariffs;
- (d) making case-by-case decisions, based on a detailed examination of the justification for tariffs.

### IV. Past Practice in IBRD

9. Alternative (a), no preference at all in any circumstances, is not realistic and does not require any further consideration. Alternative (b), an across-the-board margin of preference, has been applied by the Bank in a number of instances. The preference has commonly been 15%. Alternative (c), acceptance of the existing tariffs, has also been applied in some cases. Alternative (d), case-by-case analysis, has not yet been systematically explored because of its extreme complexity.

10. Extracts from four very recent loan documents which illustrate IBRD practice - and the variations in this practice - are given in Annex I. The 15% rule (alternative b) originated in the 1962 Mexican power loan. The 15% margin was given to domestic suppliers over the lowest foreign bid (excluding customs duties). This margin was somewhat lower than that given by the existing tariff. A similar formula was used in the 1963 Colombian railway loan, and most recently in the loans to Spain and Portugal. In the loan to Portugal, the margin of preference in favor of domestic producers was 15% over bids offering only goods manufactured abroad, and 10% over bids offering both Portuguese and foreign goods. This last illustration indicates that the 15% rule can be modified in the light of the particular circumstances of individual cases.

11. The acceptance of the existing tariff structure (alternative c) is exemplified by the loans to Austria, Finland and Italy. The most recent cases are the 1962 loan to Australia for the Snowy Mountain Hydroelectric Project and the 1963 loan to Yugoslavia. In this latter case, the tariffs imposed by the borrowing country amounted to 25%-40%. Finally in a recent Norwegian loan (1963), a combination of existing tariff protection and a 10% margin of preference was used.



12. The variations in the actual practice indicate how difficult it is to find a generally acceptable solution. Conversely, any general solution that is eventually accepted will necessarily have some unsatisfactory features. The problem is now to minimize these, and at the same time provide a procedure which will maximize the benefits accruing to borrowers and thus to the IBRD itself as banker and as a contributor to the process of economic growth and industrialization of the developing nations.

13. In the following sections, it will be argued that while each of the solutions applied so far has its advantages, there are also disadvantages. The concluding section will suggest a compromise solution designed to retain the advantages and minimize the disadvantages.

#### V. Across-the-Board Margins of Preference

14. An across-the-board margin of preference recognizes that producers in developing countries need some protection against overseas competition if they are to expand and become efficient, and that broader objectives of economic development may be fostered by some degree of protection. It also recognizes that the existing level of tariff protection, which could reflect the influence of vested interests in a developing country, may be unduly high. It may so insulate domestic producers that the incentives to improve efficiency are weakened, and, moreover, the broader objectives of economic development may to some extent be frustrated. If an across-the-board margin of preference strikes a happy mean between a protection which is 'too low' and 'too high', the best interests of the borrowing country will be served.

15. If the margin is fixed at a relatively low level - say, the same as, or even below, the tariff rates prevailing in the capital-exporting countries - it can be argued that the latter would find the preference margin acceptable. While this is an important tactical point, the question arises of how far the Bank's over-all policy should be influenced by the immediate trade interests of the industrialized countries. Any action of the Bank or IFC - whether on procurement or in helping to set up or expand an industrial or agricultural activity - inevitably affects the interests of the existing suppliers, whether domestic or foreign.

16. Apart from the question mentioned in para. 15, which is not further discussed, the across-the-board solution raises a number of serious issues. For example, the higher the tariffs on imported inputs used by the domestic producers, the higher the margin of preference needed to yield any particular effective margin of protection. Or again, suppose that a domestic producer uses high-priced steel provided as tied aid. If he is to be offered effective protection against overseas producers using cheaper steel, a higher margin of preference would be needed to take account of the fact that his products are expensive because aid is tied. Any flat-rate margin of preference applied across-the-board ignores these - and many other - factors which will have a differential impact in different countries and on producers of different goods. It may happen in some cases that administrative convenience is bought at the cost of unavoidable arbitrariness in application.



17. The attempt can be made to overcome the arbitrariness of an across-the-board margin of preference by making adjustments in the light of the particular circumstances of individual cases: that is to say, by moving towards alternative d of paragraph 8. In principle, the margin of preference can be adjusted in such a way that any desired effective margin of protection is granted to local producers. But the theoretical and practical difficulties of determining what adjustment is appropriate are formidable. For example, there will be an element of double-counting involved if the additional protection apparently justified by tariffs on imported inputs is added to the additional protection apparently justified by the existence of an over-valued rate of exchange. Or, at a very different level of argument: is the Bank justified in offering greater protection to production which is expensive because aid is tied? The various problems will have to be examined case-by-case, and the administrative convenience of a flat-rate margin will be lost. Judgments on theoretical and practical problems will have to be made, and it will be extremely difficult to justify, in detail, the choice of a particular margin of preference in a particular case. Furthermore, a recognition that margins of preference will have to differ from case-to-case opens the door to bargaining between the Bank, the borrowing country, and capital-exporting countries: conceivably the margin of preference eventually agreed could be influenced as much by the strength and skill with which bargaining positions are exploited as by the merits of the individual case.<sup>1/</sup>

18. It has also to be considered whether the imposition of a margin of preference to domestic producers which is substantially different from that offered by the tariff currently in force will in fact have beneficially consequences on the allocation of resources. Such consequences will have to be sufficiently favorable either to justify the arbitrariness of an across-the-board flat rate of preference, or to justify the Bank's involvement in the economic, administrative, and political complexities of fixing a margin of preference on a case-by-case basis. Usually, the margin of preference will offer less protection than the existing tariff.<sup>2/</sup> In effect, one particular transaction will be conducted on terms which differ from those applicable to other transactions in the same goods. Because less protection is offered to domestic producers than in the ordinary run of business, the likelihood that procurement contracts will be secured by overseas producers is increased: the implied judgment is that the tariffs in question are 'too high'.

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<sup>1/</sup> In general, it may be suspected that the bargaining position of the borrowing country, which needs the loan, will necessarily be relatively weak.

<sup>2/</sup> A margin of preference offering greater protection than the existing tariff is difficult to justify. Presumably the domestic producer is capable of competing with overseas suppliers behind the shelter of the lower tariff. In practice, however, it appears that the margin is applied as a ceiling rather than as an automatic preference rate.



19. Tariffs may be judged 'too high' because it is considered that an allocation of resources to the production of the relevant goods in the borrowing country is inappropriate, in that the objectives of economic development could better be served by some alternative allocation. Judgments of this sort are clearly of crucial relevance to decisions on whether a particular industry or firm should be established: they are less clearly relevant in the context of procurement transactions. Domestic producers are in business, and are capable of supplying the goods needed: there will be no, or no significant, re-allocation of resources if the margin of preference is so low that they cannot secure the procurement contract. Paradoxically, the consequences could be the reverse of those intended. If the domestic supplier does not get the contract, and as a result his capacity is less fully used, his costs of production may be higher than they otherwise would be, and there will be a less efficient utilization of domestic resources. Alternatively, and precisely because the capacity is not fully utilized, the government of the borrowing country might find it necessary to raise a tariff already judged too high. Furthermore, if supplies for Bank-financed projects are available more cheaply (because of lower protection) than supplies to non-Bank-financed projects, it will become more difficult to ensure a proper allocation of resources between projects of differing priority.<sup>1/</sup>

#### VI. Acceptance of Existing Tariffs

20. The alternative to the across-the-board preference margin has been the acceptance of the existing tariffs. This solution has two attractive features.

21. First, on a formal level, the Bank cannot be called upon -- at Board meetings or elsewhere -- to justify a particular margin of preference. Any such margin involves, as has been argued above, judgments on complicated theoretical and practical issues. At the present level of knowledge, and as a rule, the Bank cannot prove, or even demonstrate to the satisfaction of all concerned, that the margin of preference offered strikes a happy mean between protection which is 'too high' or 'too low'. But if the existing tariff is accepted, the borrower cannot claim that the Bank is using its power as a lender to impose special terms for particular transactions.

<sup>1/</sup> For example, suppose that the rails for a Bank-financed project of railway extension are bought from abroad because the margin of preference offered to the domestic rail producer was not high enough to permit him to compete successfully for the procurement contract. If the tariff on imported rails is such that the domestic producer supplies the rails needed for railway maintenance work, it will follow that rails for (Bank-financed) extension work are cheaper than the rails for (non-Bank-financed) maintenance work.



22. Secondly, and on a substantive level, it may be argued that tariffs have their own good reason for existence and that, even though particular rates may be a result of pressures from vested interests, the over-all tariff structure still reflects the economic reality of the situation of the borrower. It can further be argued that, in the absence of the most painstaking and time-consuming work, the Bank staff just cannot pass a judgment whether tariffs on particular items are 'too high'. Finally, as indicated in para. 19 above, there is a danger that if a departure from the existing tariff system is made, the consequence may be, in some cases, an even greater misallocation of resources.

23. The school of thought which is in favor of accepting existing tariffs as a lesser evil also argues that a gross misallocation of resources through tariffs which are 'too high' can best be detected by the Bank's economic missions, in their regular work. They are in a position to make a general judgment on allocation issues. If they think that the existing tariffs lead to a gross misallocation, the country is not creditworthy and consequently the issue of procurement does not arise. But once a judgment has been passed that the allocation of resources is not unreasonable, there is no other way out but to accept the existing tariffs in the procurement procedure.

24. Nevertheless, there is one formidable objection against the automatic acceptance of existing tariffs. They may provide more protection than is needed by reasonably efficient domestic producers, or they may shelter and support unreasonably inefficient or unreasonably profitable domestic production. If such tariffs are automatically accepted, a misuse of Bank funds could result. For example, a tariff designed to exclude imports might have been set at 100%. Suppose the domestic producer is offering goods on the domestic market at prices which are only 25% above the (c.i.f.) price at which comparable imports would be available. If, by accepting the tariff for procurement purposes, it is implied that a contract could be awarded to a domestic producer provided that his bid was not more than 100% above the lowest foreign (c.i.f.) bid, a monopolistic domestic producer could make a handsome profit at the expense of the Bank and of his own country by making a bid 90% higher than the lowest expected foreign bid. The domestic bid would, of course, be an immoral one: but presumably the Bank should avoid operating in such a way as to tempt immoral responses.

#### VII. A Suggested Procedure

25. The procedure for procurement transactions suggested in the following paragraphs represents a compromise solution. It involves the acceptance, up to a certain specified percentage figure, of the tariffs imposed by the government of the borrowing country. If the tariff is higher than that specified percentage, safeguards are provided to ensure that procurement from domestic suppliers will not involve a misuse of Bank funds. The government of the borrowing country is given the opportunity to argue that the protection offered by its relatively high tariff is justified: but the Bank retains the right to negotiate or impose a margin of preference lower than the tariff.



26. The goods most likely to be involved in procurement transactions are capital goods. The readily available evidence in the tariff protection offered to domestic producers of capital goods in relatively developed (Part I) countries is given in Annex II. It will be observed that it is rare that imports of capital goods in the categories quoted are admitted free of tariffs. In the USA, UK, Norway, France, Italy, Austria and Japan average tariff rates on these categories of goods range up to 25%; and are occasionally even higher than this. It is also relevant to note that in some countries, protection in addition to tariff protection is offered to domestic producers in Government procurement transactions; and that in some countries there are quantitative restrictions on imported capital goods.<sup>1/</sup> It will also be observed that, although there are exceptions (in particular, the UK and the USA are relatively high tariff countries) the data in Annex II appears to offer some support for the proposition that tariff levels tend to be somewhat higher in Part I countries with lower incomes per head. Tariff rates tend to be relatively high in Italy, Austria and Japan; and tend to be relatively low in Sweden, Switzerland, Denmark and Western Germany.

27. Taking a very broad view of this evidence, it can be argued that a tariff rate of 25% is not out of line with the protection provided by some Part I countries for their domestic producers of capital goods. It might seem inappropriate that the Bank should not be prepared to accept tariffs in developing countries at least as high as those offered in Part I countries. Furthermore, the apparent association between higher tariff levels and lower per capita incomes may be taken as indicating that tariffs somewhat higher than 25% could be acceptable for less developed countries.

28. This problem can be approached in another way. Developing countries may embark upon the protected production of capital goods in an attempt to curb the increase in their import bills. On general grounds, it might appear more desirable that developing countries should concentrate their industrial production on the light and relatively simple manufactured goods in which they may already have a comparative advantage over producers in developed countries. Exports of these goods could then expand, and there would be less justification for the protected production of the capital goods which developing countries are likely to produce, at present, at a comparative disadvantage. Yet the snag here is that developed countries impose substantial tariff and other restrictions on imports of light and relatively simple manufactured goods in order to protect their own producers. These restrictions have been analyzed by the Secretariat of GATT and by other international organizations.<sup>2/</sup> So long as developed countries find it necessary to

<sup>1/</sup> Restrictions on the import of motor vehicles are particularly widespread, and so are restrictions on imports from Japan.

<sup>2/</sup> Some relevant extracts from the UN World Economic Survey for 1962, which rely on factual information provided by GATT, are given in Annex III.



protect - and, in some cases, protect fairly heavily - their producers of relatively simple manufactured goods, the developing countries may be forced to produce goods - including capital goods - which have to be relatively heavily protected. The Bank, in common with other international organizations, will regret these limitations of the advantages of international trade,<sup>1/</sup> but it cannot ignore their existence.

29. It cannot be pretended that the evidence quoted in paras. 26 and 28 can provide conclusive support for selecting a specific percentage figure indicating the maximum tariff which the Bank will be prepared to accept, for procurement purposes, without requiring detailed justification. But it is suggested that consideration should be given to the choice of some percentage figure from within a range whose lower limit appears to be 25%. It would seem that an upper limit of 35% could be defended without too much difficulty. It must be stressed, however, that the Bank's primary objective in choosing a particular percentage figure is to simplify its operating procedures, and not to pass a judgment on what degree of protection is "justified" in relation to practices elsewhere. The lower the tariff, the lower the chances that a misuse of Bank funds will result from the acceptance of the tariff; and tariffs in developing countries of 25-35% or less are unlikely to be much higher than are needed to protect reasonably efficient producers, and are unlikely to shelter unreasonable inefficiency or unreasonable profits.

30. Where the relevant tariffs exceed the chosen percentage figure, it is proposed that the Guarantor shall be entitled to submit for consideration by the Bank a memorandum in support of a margin of protection for local suppliers in excess of that percentage. It is not intended that this rule should imply that tariffs greater than 25-35% are considered 'excessive'. In particular circumstances, much higher tariffs can cogently be defended. For example, at a recent IFC Board Meeting, no objection was raised to IFC support of Arewa Textiles, Nigeria, which will operate behind tariffs of 70-100%. But the higher the tariff, the greater the chances that a misuse of Bank funds may result from an acceptance of the tariff, and the Bank must be reasonably satisfied that its legitimate interests are safeguarded. The memorandum should provide evidence:-

- (i) that the tariff at present in force was not imposed or increased in order to ensure that domestic producers would be able to bid successfully in the procurement of supplies for a Bank-financed project;

<sup>1/</sup> It may be that one of the results of the forthcoming UN Conference on Trade and Development will be the opening of markets in developed countries to those manufactures which developing countries are best suited to produce.



- (ii) that the existing tariff does not provide a margin of protection which is out of line with the percentage difference between the prices charged by domestic producers and the (c.i.f.) prices of comparable imported goods;
- (iii) that the existing tariff does not enable local producers to earn profits which are excessive in relation to the profits earned by other industrial producers in the same country;
- (iv) that the existing tariff does not permit, and perhaps encourage, local producers to operate in a highly inefficient manner. Relevant evidence here would include an assessment of changes in efficiency or productivity over recent years. If an improvement has been taking place, it may perhaps be argued that there is some prospect of efficient competitive production.
- (v) that a successful bid by a local producer would be in conformity with Government policy of encouraging industrial development.

31. It is possible that in many cases - perhaps in a majority of cases - the Bank will, after considering the evidence submitted, be satisfied that the existing tariff can be accepted for procurement purposes. In those cases in which the Bank is not satisfied, it can negotiate a margin of preference lower than the existing tariff. Alternatively, the Bank could remove 'excessively protected' goods from the list it agrees to finance. But it would perhaps be more desirable to face up squarely to the protection problem. The view that the Bank need not concern itself with what it does not finance is inconsistent with the broader functions of the Bank.

#### VIII. An Advantage of the Suggested Procedure

32. Memoranda submitted by the governments of borrowing countries in justification of relatively high margins of protection for particular products could, and should, also serve a wider, more important, purpose. They could serve as the basis for discussions with those countries on the role of protection in industrial and more general economic development. This broader problem, as was noted at the beginning of this paper, is of vital interest and importance to the Bank.



33. The discussions which are envisaged would complement and supplement the further work to be done within the Bank/IFC on protection problems. Conceivably an atmosphere of mutual trust and understanding could be built up which will stimulate a systematic and informed consideration and reconsideration of protective activities: with considerable consequential benefits to the Bank and the developing countries. This may be too optimistic. But at the very least, the chances of successful cooperation on these problems will be greater than they would be if the borrowing country has the impression that the Bank's staff, however well-intentioned, may be using the leverage it has as representing a lending institution to impose solutions at variance with those which the borrower, however misguidedly, has devised.

Economic Staff  
December 23, 1963



## Annex I

### Examples of Domestic Procurement Terms in Recent Bank Loans

1. Loan to the Yugoslav Investment Bank, October 1963

"Equipment made in Yugoslavia will be used if its cost does not exceed that of foreign equipment including import duties. The present duties, which are still provisional in character, range generally from 25 to 40%".

2. Loan to Spain, October 1963

"In the case of maintenance equipment it has been agreed that bid evaluations will be made without taking customs duties into account and with a preference of up to 15% to local suppliers".

3. Loan to Norway, October 1963

"Preference is given to Norwegian equipment if its price does not exceed the lowest foreign bid by more than 10% plus the import duties, which average about 10% on the items to be imported. In practice, due to the fact that the 10% preference applies only to the domestic component of the equipment and that Norwegian suppliers are competitive over a wide range of electrical equipment, the actual preference is much less than 10%."

4. Loan to Empresa Termoelectrica Portuguesa S.A.R.L., November 1963

"...the Borrower may, in compliance with the Guarantor's policy of encouraging the development of local industry, also take into account the extent of participation by Portuguese manufacturers and make the award to any qualified bidder whose offered price does not exceed (i) by more than 15% the offered price of the lowest qualified bid, if such bid offers only goods manufactured outside Portugal or (ii) by more than 10% the offered price of the lowest qualified bidder, if such bid offers both goods manufactured in Portugal and goods manufactured abroad".



## Annex 2

### Tariff Rates on Capital Equipment in Part I Countries

1. This annex consists of two tables. Table I gives average tariff rates by major groups and sub-groups of capital equipment for Part I countries. Table II gives further detail for the sub-group of railway equipment.

2. Table I is arranged approximately according to 1958 per capita national income levels. This same arrangement also permits a grouping by four sub-divisions: (a) United States and Canada (b) EFTA (European Free Trade Area) excluding Austria (c) EEC (European Economic Community) (d) Austria and Japan.

3. Two sources have been used for Table I:

Column A: Sub-committee on Foreign Economic Policy of the Joint Economic Committee, U.S. Congress: "Trade Restraints in the Western Community" (December 1961).

Column B: Political and Economic Planning (P.E.P.) "Atlantic Tariffs and Trade" (1962).

Both sources give duties in effect at the respective dates of compilation.

4. Major group averages for "Electric machinery", "Transport equipment", and "Machinery, other than electric" in both Column A and Column B are unweighted averages of sub-group totals. (The only exception is the Column A total for Electric machinery which is a weighted average for all the items falling under this major group). Calculation of the sub-group averages, however, differs somewhat in the two sources. Sub-group averages shown in Column A are weighted averages of both dutiable and free goods, the tariff for each item being weighted in accordance with the trade in this item. Sub-group averages shown in Column B are unweighted averages of the tariff rates for the major Brussels Tariff Nomenclature (B.N.) divisions falling under each sub-group. Thus, the tariff rate shown under "Railway vehicles" is the unweighted average of B.N. divisions 86.01 - 86.09. Where different rates apply to different items within a B.N. division, the mid-point of the range was selected as representative for the division as a whole.

5. The advantage of the unweighted average, according to the P.E.P. Study (Source B), is that it gives equal weight to high tariffs which tend to restrict imports. Nevertheless, Table I suggests that the difference in weighting procedures, with only a few exceptions, has relatively little effect upon the major group averages. Some minor differences are, in fact, accounted for by slight differences in coverage (in our abbreviated calculations) rather than the weighting procedure as such. Thus, the U.K. average tariff for "Machinery, other than electric" (S.I.T.C. division 71) would be 17 per cent, whether computed as a weighted average or as an unweighted average of all the nine constituent sub-headings or items.



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Column B: Political and Economic Planning (P.E.P.) "Atlantic Tariffs and Trade" (1962).

Both sources give duties in effect at the respective dates of compilation.

4. Major group averages for "Electric machinery", "Transport equipment", and "Machinery, other than electric" in both Column A and Column B are unweighted averages of sub-group totals. (The only exception is the Column A total for Electric machinery which is a weighted average for all the items falling under this major group). Calculation of the sub-group averages, however, differs somewhat in the two sources. Sub-group averages shown in Column A are weighted averages of both dutiable and free goods, the tariff for each item being weighted in accordance with the trade in this item. Sub-group averages shown in Column B are unweighted averages of the tariff rates for the major Brussels Tariff Nomenclature (B.N.) divisions falling under each sub-group. Thus, the tariff rate shown under "Railway vehicles" is the unweighted average of B.N. divisions 86.01 - 86.09. Where different rates apply to different items within a B.N. division, the mid-point of the range was selected as representative for the division as a whole.

5. The advantage of the unweighted average, according to the P.E.P. Study (Source B), is that it gives equal weight to high tariffs which tend to restrict imports. Nevertheless, Table I suggests that the difference in weighting procedures, with only a few exceptions, has relatively little effect upon the major group averages. Some minor differences are, in fact, accounted for by slight differences in coverage (in our abbreviated calculations) rather than the weighting procedure as such. Thus, the U.K. average tariff for "Machinery, other than electric" (S.I.T.C. division 71) would be 17 per cent, whether computed as a weighted average or as an unweighted average of all the nine constituent sub-headings or items.



TABLE I  
Average Tariff Rates of Part I Countries, Group Breakdowns

	United States		Canada		Sweden		Switzerland		United Kingdom		Norway		Denmark		Benelux		France		Western Germany		Italy		EEC		Austria		Japan	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
<u>Electric machinery, apparatus and appliances</u>	13	20	22	18	6	10	6	5	21	23	11	13	9	8	13	11	16	19	7	6	20	21	16	15	21	21	17	n.a.
Electric generators, motors, transformers, etc.	n.a.	23	n.a.	20	n.a.	10	n.a.	5	n.a.	24	n.a.	13	n.a.	7	n.a.	10	n.a.	18	n.a.	5	n.a.	19	n.a.	15	n.a.	23	n.a.	n.a.
Other electric machinery, apparatus and appliances	n.a.	18	n.a.	16	n.a.	10	n.a.	6	n.a.	21	n.a.	13	n.a.	8	n.a.	11	n.a.	20	n.a.	7	n.a.	25	n.a.	16	n.a.	19	n.a.	n.a.
<u>Transport equipment</u>	13	13	12	17	13	13	15	13	19	25	20	22	7	8	20	17	14	29	8	12	23	34	18	22	22	21	25	n.a.
Road motor vehicles	9	9	17	16	13	15	26	19	25	17	25	23	14	10	24	21	26	28	16	17	33	36	27	28	26	21	35	n.a.
Railway vehicles	15	16	(0)	18	10	9	6	7	20	22	19	21	6	5	12	12	14	15	9	6	13	17	13	13	25	23	15	n.a.
Other (mainly vessels)	16	16	18	19	15	2	12	8	12	6	15	11	0	3	24	6	2	9	(0)	2	22	9	14	5	14	19	25	n.a.
<u>Machinery, other than electric</u>	8	12	10	9	9	9	9	6	15	17	10	10	6	6	9	8	15	18	7	5	17	20	13	13	18	18	18	n.a.
Power generating (except electric)	12	15	21	13	10	10	5	7	17	19	20	14	8	8	13	8	16	19	7	5	18	21	14	14	17	16	17	n.a.
Agricultural, incl. implements	(0)	3	0	0	10	10	7	8	14	14	9	9	5	5	10	7	13	16	7	5	13	20	11	11	17	19	15	n.a.
Tractors (other than steam)	(0)	6	0	0	10	10	19	11	15	22	0	0	2	2	8	15	20	22	9	7	21	27	16	16	22	22	30	n.a.
Office machinery	12	12	15	13	10	10	6	7	14	16	13	9	4	6	9	9	15	21	10	6	15	18	14	14	11	10	15	n.a.
Metal working	15	16	15	11	6	8	6	4	16	18	10	15	10	8	4	6	13	16	3	4	18	17	10	11	25	23	15	n.a.
Other industrial machinery	n.a.	15	n.a.	12	n.a.	9	n.a.	5	n.a.	17	n.a.	10	n.a.	8	n.a.	7	n.a.	17	n.a.	6	n.a.	21	n.a.	13	n.a.	18	n.a.	n.a.



TABLE II  
Tariff Duties on Railway Locomotives, Rolling Stock  
and Signalling Equipment<sup>4/</sup>

	U.S.	Canada	Switzer- land	U.K.	Sweden	Denmark	Norway	EEC	Austria	Spain <sup>3/</sup>
Steam locomotives and tenders	14	25	6-7	20	10	5	20-24	13	25	40
Electric locomotives	14	0-20	5	20	10	5	20	14	25	(30-)40 <sup>1/</sup>
Diesel and diesel-electric locomotives	14	0-20	5-6	20	10	5	20	13	23-25	(30-)40 <sup>1/</sup>
Self-propelled coaches	14		5	20	12	7.5	24	13-14	25	20
Passenger coaches, etc.	22.5	22.5	5-15	20	8	5-7.5	24	13	23-25	15
Railway wagons	22.5	22.5	8	20 <sup>2/</sup>	8	7.5	24	14	25	15
<u>Parts of railway rolling stock</u>										
Bogies and parts	14-22.5	10-22.5	2-9	20 <sup>2/</sup>	8	0-5	20	13	10-28	
Brakes and parts	14-22.5	10-22.5	5-15	20 <sup>2/</sup>	10	5	20	11	20	
Axles, wheels and parts	6-10	22.5	2-9	20 <sup>2/</sup>	8	0	0	15	10	25
Axle boxes and parts	14-22.5	22.5	6-10	20 <sup>2/</sup>	8	0	n.a.	15	20	
Other	14-22.5	10-27.5	2-12	17.5 <sup>2/</sup>	8	0	0-20	14	20-28	
Electrical substations (converters)	15	20	2-6	17.5	10	12	10	12	16-24	35
Electrical traffic control and safety equipment	10.5-17.5	0	3	20	10	8	10	15	23	30
Mechanical signalling, safety and control equipment	12.5	0	3-6	20	8	5	20	14	25	25

<sup>1/</sup> The lower rate applies to locomotives operating on narrow-gauge railroads.

<sup>2/</sup> For wagons designed to operate on track 3 feet or less, the duty is 33 1/3 per cent. The same applies to parts of railway rolling stock, intended for narrow-gauge railroads.

<sup>3/</sup> In all cases, there is a fiscal tax varying between 8 and 12 per cent added on top of the price including duties. Hence, the actual incidence is apparently 8-12 per cent higher than indicated in the table. (We say apparently because we are not sure whether the excise tax on domestically produced equipment is identical with the tax on imported equipment.)

<sup>4/</sup> This is an area of procurement where there may be domestic preferences other than tariff duties, especially in countries where state railroads predominate. This aspect has not been investigated.

n.a. = not available.

Sources: (1) Atlantic Tariffs and Trade compiled by P.E.P. (1962).

(2) Arancel de Aduanas (1960), supplemented with special communication on the subject by RENFE (June 1963).



### Annex III

#### Tariff and other protection to domestic producers of 'light' manufactures in developed countries

The following extracts are quoted from the U.N. World Economic Survey for 1962 <sup>1/</sup>. The factual material on which Tables III and IV are based was collected by GATT.

#### Tariffs

"A discussion of general tariff levels does not permit an accurate assessment of the effect of tariffs on the expansion of trade, since average tariff rates for broad commodity groups may have little relation to the effective rates on particular items of major importance to the developing countries. This difficulty can be partially overcome <sup>2/</sup> by identifying the particular commodities that are imported from the developing countries and finding out the exact tariff barrier that they have to cross. This kind of information for individual commodities has been compiled by GATT on the basis of material supplied by Governments. A summary of the rates for such manufactures and semi-manufactures is presented in Table III. These specific rates provide a more concrete illustration of the barriers faced by the developing countries. Furthermore, it may be noted that many of the specific rates which are of interest to the developing countries are higher than the averages for the commodity groups to which they belong.

#### Quota Restrictions

Tariff walls, if not too high, are often scaled by improving the efficiency of the industries concerned and lowering costs of production. Quota restrictions, however, cannot be overcome by increasing efficiency in production.

With the easing of balance of payments positions, most countries of North America and Western Europe have withdrawn quota restrictions on imports of manufactured goods. In France and the Federal Republic of Germany among the EEC countries and in Austria and Denmark among the EFTA countries, quota restrictions are, however, still maintained on a number of manufactured goods in which the developing countries are interested (see Table IV). These are mostly consumer goods; many of them are

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<sup>1/</sup> pp. 67-70

<sup>2/</sup> The solution is only a partial one because it does not provide for those cases in which there are no imports because tariffs are prohibitively high.



durables in which the developing countries have installed production capacity only very recently.

On many of these items restrictions are operated in such a way as to discriminate in favor of trade within a regional grouping and against trade outside the group. In general, however, the recent trend has been towards withdrawal of restrictions; the main exception has been in cotton textiles where this trend has been reversed.

#### Quota restrictions on Textiles

The textile industry is one of the initiators of industrial transformation. Its pioneering growth has been crucial not only in the case of Europe, North America and Japan but also in many of the developing countries in recent years. The existence of a sizable domestic market permits it to grow by the simple process of import substitution once the political and social situation in a country permits such substitution and the infrastructure is sufficiently developed to provide the requisite transportation and power. Once having expanded to a size where economies of scale begin to show beneficial effects on costs, the progress of the industry is rapid and is advanced through the combination of cheap labor and modern machinery.

In the cheaper types of textiles in which labor content is relatively high and products are fairly standardized, the developing countries have an obvious advantage over the developed countries. On the other hand, in high-quality and fashion products, which require heavy expenditure on research, development, design and promotion, involving considerable risk-taking, the developed countries may continue to retain their advantage over the developing countries.

It is, therefore, in the export of the cheaper and standard-quality textiles that the developing countries made rapid progress in recent years."

A discussion of the recent history of the growth of textile exports from the developing countries, and of the impact of quota restrictions imposed by developed countries, concludes as follows. "It should be observed that if the export quotas to Canada, the United Kingdom and the United States remain unchanged at the 1961 level, while quotas to the other European countries are increased as promised, the export of cotton textiles from the developing countries will rise at an annual rate of only about 3 per cent during the period of the long-term agreement - which is a rate of growth much below that attained in recent years".



Table III . Tariff Rates on Selected Commodities in North America and Western Europe 1960

(Percentage)

Commodity	United States <sup>a</sup>	Canada <sup>a</sup>	EEC <sup>b</sup>	Austria <sup>c</sup>	Scandinavian countries <sup>a</sup>	United Kingdom <sup>a, d</sup>
Bicycles . . . . . Cycles and parts	11.4-27.0	25.0	20.0-21.0	18.0-34.0	0-33.6	20.0
Coir manufactures <sup>e</sup> . . . . . Fabrics, carpets, carpeting and rugs, mats, twine, cordage, nets, etc.	8.5-20.0	25.0-30.0	14.0-24.0	25.0-30.0	3.0-25.0 <sup>e</sup>	10.0-20.0
Copper rollings . . . . . Wrought bars, sections, plates, etc. Foil, tubes, pipes, etc.	5.5-18.1	7.5-15.0	10.0-13.0	10.0-15.0	0-5.0 <sup>e</sup>	10.0-20.0
Diesel engines up to and including 50 h.p. . Internal combustion engines (excluding aircraft engines)	8.8-15.0	20.0	12.0-22.0	0-25.0	0-20.0	17.5-30.0
Electric fans . . . . . Domestic appliances	17.5	22.5	19.0	24.0	10.0-20.0	17.5
Electric motors up to and including 50 h.p..	1.2-10.5	22.5	12.0-14.0	18.0-25.0	10.0-12.0	10.0-17.5
Jute manufactures . . . . . Yarns and thread, hessian cloth, sacking cloth, carpets, carpeting, rugs, tapestries, etc.	1.8-22.4	5.0-25.0	10.0-23.0	18.0-32.0 <sup>a</sup>	0-25.0	10.0-20.0
Leather goods . . . . . Articles of leather, handbags, gloves, luggage, leather garments, harness and saddles, etc.	12.5-40.0	10.0-27.5	7.0-21.0	18.0-24.0	0-30.0	10.0-30.0
Sewing machines . . . . . Machines and parts	7.5-10.0	0-15.0	12.0-14.0	25.0-28.0	0-10.0	15.0-20.0
Steel furniture . . . . . Furniture for household, office, medical, dental, surgical or veterinary use	6.4-34.0 <sup>f</sup>	10.0-25.0	17.0-20.0	. . .	5.0-20.0 <sup>e</sup>	15.0-20.0

Source: General Agreement on Tariffs and Trade, Committee III, "Customs Tariffs on Certain Products Considered by the Committee", documents COM.III/73, 2 May 1962 and COM.III/73/Add.1, 4 May 1962.

a Most favored nation rates.

b Common external tariff.

c General; most favored nation rates not available.

d Non-preferential rates; preferential rates are zero in most cases.

e Excluding coir yarns and fibres on which the rates are zero in most countries.

f Including utensils, hollow or flat-ware, stoves and ranges, etc.



Table IV . Quota Restrictions in North America and Western Europe<sup>a</sup> on Imports of Manufactures and Semi-manufactures from Developing Countries

Commodity	Country <sup>b</sup>	Quota restriction
Bicycles . . . . .	Austria Denmark	Restricted Restricted
Cement . . . . .	France	Restricted, except from OECD countries
Coir manufactures . . . . .	Austria France Germany (Federal Republic)	Most items restricted Restricted, except from OECD countries Certain types restricted
Electric motors . . . . .	Austria Denmark France	Certain types restricted Restricted Restricted, except from OECD countries
Ferrochrome and ferromanganese . . . . .	France	Restricted, except from OECD countries
Finished leather . . . . .	Germany (Federal Republic)	Neat leather restricted, except from OECD countries
Internal combustion engines . . . . .	Austria Denmark	Certain types of diesel engines restricted Engines for cycles with auxiliary engines restricted
Jute manufactures . . . . .	Denmark France Germany (Federal Republic) United Kingdom	Hessian sacks, other sacks and bags restricted, except reinforced jute sacks Various items restricted Jute sacks, bags, unused, restricted from several countries Various restrictions
Lead . . . . .	United States	Unmanufactured lead subject to restriction
Leather footwear . . . . .	Austria	All types restricted
Sewing machines . . . . .	Austria France Germany (Federal Republic)	Furniture designed for sewing machines restricted Restricted, except from OECD countries Non-industrial sewing machines and parts restricted, except from OECD countries
Sports goods . . . . .	Denmark France	Certain types restricted Certain types restricted, except from OECD Countries

Source: General Agreement on Tariffs and Trade, Committee III, "Quantitative Restrictions Affecting Exports of Less Developed Countries", in documents COM.III/72, 12 April 1962, COM.III/89, 18 September 1962 and COM.III/89/Rev.1, 16 November 1962.

a Austria, Belgium-Luxembourg, Denmark, Federal Republic of Germany, France, Italy Netherlands, Norway, Sweden, Switzerland and United Kingdom.

b Countries in North America and western Europe not specified do not in general maintain any quota restrictions on imports of the commodities listed.



*Ambrascio Bened*

OFFICE MEMORANDUM

97

TO: Files

DATE: October 5, 1962

FROM: W. J. Armstrong *WJA*

SUBJECT:

At the request of Mr. Erle Cocke, Jr. I saw Mr. William M. Miller of the United States Pipe & Foundry Company, Birmingham, Alabama and Mr. Jerome M. Rabassa of Gillespie and Company, New York, to discuss Bank procurement procedures. These gentlemen knew of the Bank's requirements for competitive bidding on Bank projects and wished to know whether under Bank operating procedures a consortium of American Cast Iron Pipe Manufacturers could present a single bid for the supply of cast iron pipe. Mr. Miller explained that under the laws in the United States it was possible to form such a consortium which would involve the establishment of a company in order to present bids for the supply of equipment outside of the United States. The two gentlemen were exploring the feasibility and advisability of setting up such a consortium for the cast iron pipe industry in the hope that they could thus be more competitive on the international market. The theory being that one manufacturer might have an advantage over another in a particular size or type of cast iron pipe, which would allow a lower bid overall than if each manufacturer were to bid on a complete lot.

I said in principle I could see no objection to such an arrangement so long as there was a responsible party to see that the contract would be filled, but that I would like to consult with other people in the Bank first. I then talked to Mr. Fontein and Mr. Wiehen and their reaction was the same as mine that, in principle, they could see no objection to the suggested consortium so long as there was assured competition from suppliers of other nationalities.

Later Mr. Fontein called me back and said that he had discussed this with Mr. Nurick, that in some cases such consortiums could be used to maintain higher prices from members of the consortium than if each company bid separately. I replied that in this case I felt that this would not be possible since U.S. Cast Iron Pipe as largely uncompetitive with pipe from Europe and Japan, and especially uncompetitive with pipe from England. That in this case I felt that the proposal appeared to be a genuine effort to become more competitive on the international market.

cc: Messrs. Aldewereld ✓  
Fontein  
Wiehen



Mr. J. Burke Knapp

10  
Procurement  
September 28, 1959.

L.M. Svoboda through Mr. H. Ripman.

**Borrowers' Purchases in International Markets.**

In further reference to the question raised by the British Executive Director at the Board Meeting held on September 24 in connection with the second loan to the Investitionskredit A.G. Austria, as to whether adequate recognition has been given to international competition in the procurement of goods financed from the Bank loan, the following is a review of the position taken and arrangements made by the Bank in this respect:

- 1) In general, the Bank, as a matter of policy, in loans to development banks as in direct project loans, requires evidence that the ultimate borrowers use their best business judgment in the selection of goods financed from the loan and give no preference to suppliers from any particular country.
- 2) The practical application of this principle in the case of industrial projects necessarily calls for a certain amount of flexibility considering the varying nature of such projects and their technical requirements. International bidding on the scale appropriate to large civil works projects in the power, public utilities and transportation sectors, is usually not feasible for industrial projects, since the technical features and production process of many projects limit the number of suppliers capable of meeting specific requirements. Furthermore, the choice of a particular process in many cases automatically limits the sources of equipment to one or two suppliers (this is particularly true in the chemical industry). In many cases of plant expansions, technical and economic considerations may dictate duplication of already existing installations and equipment thereby eliminating the choice of potential suppliers.
- 3) The Bank's requirement of economic purchases in competitive markets has been applied in respect to the loans to the IVK, the proceeds of which are being used to meet expenditure in local currency, as well as for imports. It is of course recognized that in view of Austria's own advanced industry, foreign imports under these loans may play only a limited role. Other factors outside the borrower's control, such as the shipping costs - differential may also influence this decision in favor of the local market. This will narrow the field of foreign purchases, limiting them primarily to equipment and services not locally available on competitive terms or equipment of special specifications.
- 4) In the first loan to IVK, which was for nine predetermined projects, the Bank made a careful prior appraisal of the proposed purchases of equipment in the light of the technical requirements of each project, and potential competitive foreign sources of supply. It generally confirmed that procurement from local sources was most advantageous in regard to power and boiler equipment while substantial orders were placed for imports of textile machinery and paper making



equipment where foreign suppliers (Germany, United Kingdom, Sweden and Italy) proved to be competitive. Under the second loan to IVK, sufficient evidence will be furnished by the IVK to the Bank, that the requirement of economic purchases in appropriate markets has been met in respect to each individual project for the financing of which an allocation under the line of credit is requested.

IMSvoboda/nm  
cc: to Messrs. Aldersveld, Ripman  
and Collier.



The following letter was drafted for American Construction Company's distribution to material suppliers:

TO: All Material Suppliers

Attention: Bookkeeping Department

Re: International Bank for Reconstruction and Development  
1800 and 1818 H Street, N.W.  
Washington, D.C.

Please note that we will require invoices and delivery tickets in QUADRUPLICATE on all deliveries and charges to the subject project due to the nature of the Contract.

Also, do not include items for any other of our projects on invoices or statements for the International Bank.

Transactions of the International Bank for Reconstruction and Development are immune from all taxation; accordingly, no District of Columbia sales tax is payable on these sales to the Bank. For the Bank's convenience, the District of Columbia has issued it Tax Exemption Certificate No. 04125.

Kindly direct all mail regarding this project to

AMERICAN CONSTRUCTION COMPANY, INC.  
718 - 18th Street, N.W.  
Washington, D.C.

Your cooperation will be appreciated.

AMERICAN CONSTRUCTION COMPANY, INC.

J. R. Baker





# Record Removal Notice



<b>File Title</b> Procurement - General - Volume 2		<b>Barcode No.</b>  30181436
<b>Document Date</b> September 16, 1958	<b>Document Type</b> Board Paper	
<b>Correspondents / Participants</b> From: The Secretary To: Executive Directors and Alternates, President, Vice Presidents, Department Heads		
<b>Subject / Title</b> Statement by Director of Department of Operations - Western Hemisphere Regarding Financing Local Expenditures in Mexico		
<b>Exception(s)</b>		
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.
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		<b>Date</b> 02-Aug-16





# Record Removal Notice



<b>File Title</b> Procurement - General - Volume 2		<b>Barcode No.</b>  30181436		
<b>Document Date</b> November 13, 1956	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> From: F. M. Oppenheimer To: Files				
<b>Subject / Title</b> Discussions on Procurement Problems				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>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.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 02-Aug-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16			





# Record Removal Notice



<b>File Title</b> Procurement - General - Volume 2		<b>Barcode No.</b>  30181436		
<b>Document Date</b> December 8, 1953	<b>Document Type</b> Board Record			
<b>Correspondents / Participants</b> From: Burke Knapp				
<b>Subject / Title</b> Methods of Procurement under IBRD loans				
<b>Exception(s)</b>				
<b>Additional Comments</b> Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
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<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16			



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(NOT FOR PUBLIC USE)

**FOR  
EXECUTIVE  
DIRECTORS'  
MEETING**

**DECLASSIFIED**

**AUG 02 2016  
WBG ARCHIVES**

R-742/1

(For consideration by the  
Executive Directors on  
December 8, 1953.)

December 4, 1953

FROM: The Secretary

3113

METHODS OF PROCUREMENT UNDER I.B.R.D. LOANS

With reference to the paper on "Methods of Procurement under I.B.R.D. Loans" which was circulated on October 14, 1953 under Report R-742, it appears that the first full paragraph on page 2 was incomplete and subject to misinterpretation. Accordingly, this paragraph has been amended and the attached revised paper is circulated for the consideration of the Executive Directors at their meeting on December 8, 1953.

Distribution:

Executive Directors and Alternates  
President  
Vice President  
Assistant to President  
Department Heads

Contr. -  
Comp. - Bidding



METHODS OF PROCUREMENT  
UNDER IBRD LOANS

The Articles of Agreement of the Bank provide (Article III, Section 5(a)) that "The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members"; and (Article III, Section 5(b)) that "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency ...". Thus the Bank cannot make tied loans. The borrower is free to use the proceeds of the loan in making purchases in any member country if the standard of economy and efficiency is respected.

It seems within the spirit of these provisions that the Bank should allow its borrowers to exercise their own business judgment in making purchases. Considerations of various kinds may reasonably influence borrowers to purchase in one market rather than another; for example, familiarity with certain types of equipment, the desire to standardize equipment in order to avoid complications in maintenance and spare parts control and the availability of dealers' maintenance and service facilities for specific types of equipment. It is inappropriate for the Bank to attempt to impose its own judgment on its borrower in such matters unless the borrower's preference appears likely to result in an uneconomic use of the Bank's resources.

Subject to the foregoing, the Bank wishes all of its member governments to have a fair opportunity to supply goods required under Bank loans. Such an objective is appropriate to the Bank's character as a cooperative international institution among whose principal purposes is the promotion of "The long-range balanced growth of international trade" (Article I (iii)). Therefore, the Bank favors procurement on a competitive international basis, where this is appropriate.

In particular loans, these two desires of the Bank, to defer to the borrower's reasonable business judgment and to favor international competition in procurement, may come into conflict. The Bank has not attempted to resolve these conflicts by any absolute rule. Instead, it has followed the practice of encouraging its borrowers to invite bids on an international basis, or at least to test the availability of supplies in the leading markets, but has not insisted on that course where the borrower has satisfied the Bank that it has substantial reasons for using another purchasing method and that its preferred method will procure suitable goods at fair prices and on reasonable terms.

Many of the Bank's borrowers are familiar with competitive bidding and employ the technique on their own initiative because of domestic legal requirements or as a matter of sound business practice. In some cases, particularly where experience in procurement is lacking, the Bank has advised,



or even required, the borrower to employ international bidding and to retain a qualified consultant to assist in determining the qualifications of bidders, in preparing specifications and in analyzing the relative merits of bids.

It follows from what has been said that the Bank never proposes that a borrower should place a contract with a designated supplier, or that competition should be restricted to a designated group of suppliers. The Bank does not furnish lists of suppliers to its borrowers. The borrower must decide which suppliers should be invited to bid, and to which of them the contract is to be awarded. The Bank will want to satisfy itself that the goods supplied are suitable for the requirements of the project.

Similarly, in the case of construction contracts, the Bank will want to satisfy itself that the contractors employed are competent. It is, however, the borrower who is responsible for the qualification and selection of such contractors. It has happened on a few occasions that a borrower has asked the Bank to supply a list of firms experienced in a particular type of construction. In such cases the Bank is prepared to supply a list, compiled on an international basis, of firms with specialized experience in the field in question, but in each case with the proviso that the list should not be regarded as exhaustive, and that it should be supplemented from other sources as far as may be possible. In preparing such a list, the Bank draws on information submitted by a large number of contractors in various countries on their own initiative, on the experience of its staff members, and on the contacts it maintains in supervising the operations of the projects which it finances.

In some other cases, the Bank has been asked by a borrower to submit the names of individuals or firms experienced as consultants in various special fields. The Bank maintains contact with specialized international agencies, professional associations, etc. in various countries in this connection. It is therefore usually in a position either to suggest names of consultants from its own records or to obtain such names from sources of information in various countries. Such lists of consultants are compiled on an international basis, and submitted to borrowers with the same proviso that they should not be regarded as exhaustive, and should be supplemented from other sources as far as may be possible.

Although many borrowers employ the system of competitive bidding, whether on their own initiative or at the Bank's request, there are a number of loans in connection with which the system has not been applied. Some of these are loans to which it is in any case inapplicable, such as impact loans. In others it has not proved to be appropriate. The most usual reasons why the method is sometimes inappropriate are explained in the following paragraphs.

There are cases in which the goods in question may be available from only one country.

In other cases, the Bank's loans are needed and granted to cover the cost of goods to be supplied from a particular area, the borrower being able to pay for goods from other areas with its own resources.



Sometimes the greatest efficiency and economy may be attained in operation and maintenance, and the cost of carrying spare parts may be minimized, by standardizing on a particular make of equipment. This may have the additional advantage of maintaining continuity of relationships with manufacturers and obtaining technical assistance from them.

There is one type of loan in which the goods pass through normal trade channels, and both the importer and the ultimate purchaser have no relationship with the Bank. In such cases it is not practical to stipulate a particular method of purchase, and the consumer's preference will determine the source of supply.

There are some cases in which an experienced and "sophisticated" purchaser knows the market so well that the best prices and terms can be obtained by carrying out procurement on a negotiated basis.

It sometimes happens that orders have been placed before the loan is granted. In such cases the Bank expects the borrower to prove that the contract prices are reasonable, but cannot of course do more than this.

These are the most usual reasons why international bidding is not practiced in all the operations financed by Bank loans, and why the Bank has never adopted any rigid policy that all its borrowers should always use the method.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

(NOT FOR PUBLIC USE)

*inc. GP*

**FOR  
EXECUTIVE  
DIRECTORS'  
MEETING**

FROM: The Secretary

R-742  
(for consideration by the  
Executive Directors at  
November meeting)

*Revised -  
See R-742/1  
Dec 4, 1953*

**DECLASSIFIED**

**AUG 02 2016**

**WBG ARCHIVES**

October 14, 1953

As requested by the Executive Directors, the attached paper on "Methods of Procurement under I.B.R.D. Loans" is circulated for information.

This paper will be placed on the agenda of the Executive Directors for the regular November meeting.

Distribution

Executive Directors and Alternates  
President  
Vice President  
Assistant to the President  
Department Heads

*Contractors - C.B.*

Sec: 8-52



METHODS OF PROCUREMENT  
UNDER IBRD LOANS

The Articles of Agreement of the Bank provide (Article III, Section 5(a)) that "The Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members"; and (Article III, Section 5(b)) that "The Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency ...". Thus the Bank cannot make tied loans. The borrower is free to use the proceeds of the loan in making purchases in any member country if the standard of economy and efficiency is respected.

It seems within the spirit of these provisions that the Bank should allow its borrowers to exercise their own business judgment in making purchases. Considerations of various kinds may reasonably influence borrowers to purchase in one market rather than another; for example, familiarity with certain types of equipment, the desire to standardize equipment in order to avoid complications in maintenance and spare parts control and the availability of dealers' maintenance and service facilities for specific types of equipment. It is inappropriate for the Bank to attempt to impose its own judgment on its borrower in such matters unless the borrower's preference appears likely to result in an uneconomic use of the Bank's resources.

Subject to the foregoing, the Bank wishes all of its member governments to have a fair opportunity to supply goods required under Bank loans. Such an objective is appropriate to the Bank's character as a cooperative international institution among whose principal purposes is the promotion of "The long-range balanced growth of international trade" (Article I (iii)). Therefore, the Bank favors procurement on a competitive international basis, where this is appropriate.

In particular loans, these two desires of the Bank, to defer to the borrower's reasonable business judgment and to favor international competition in procurement, may come into conflict. The Bank has not attempted to resolve these conflicts by any absolute rule. Instead, it has followed the practice of encouraging its borrowers to invite bids on an international basis, or at least to test the availability of supplies in the leading markets, but has not insisted on that course where the borrower has satisfied the Bank that it has substantial reasons for using another purchasing method and that its preferred method will procure suitable goods at fair prices and on reasonable terms.

Many of the Bank's borrowers are familiar with competitive bidding and employ the technique on their own initiative because of domestic legal requirements or as a matter of sound business practice. In some cases, particularly where experience in procurement is lacking, the Bank has advised,



or even required, the borrower to employ international bidding and to retain a qualified consultant to assist in determining the qualifications of bidders, in preparing specifications and in analyzing the relative merits of bids.

It follows from what has been said that the Bank never proposes that a borrower should place a contract with a designated supplier, or that competition should be restricted to a designated group of suppliers. The borrower must decide which suppliers should be invited to bid, and to which of them the contract is to be awarded. It does, however, happen sometimes that a borrower will ask the Bank to supply a list of firms qualified to bid on a particular contract or contracts. The Bank is prepared to supply such a list, compiled on an international basis; but it is always made clear to the borrower that such lists are not exhaustive, and should be supplemented from other sources as far as it may be possible to do so.

Although many borrowers employ the system of competitive bidding, whether on their own initiative or at the Bank's request, there are a number of loans in connection with which the system has not been applied. Some of these are loans to which it is in any case inapplicable, such as impact loans. In others it has not proved to be appropriate. The most usual reasons why the method is sometimes inappropriate are explained in the following paragraphs.

There are cases in which the goods in question may be available from only one country.

In other cases, the Bank's loans are needed and granted to cover the cost of goods to be supplied from a particular area, the borrower being able to pay for goods from other areas with its own resources.

Sometimes the greatest efficiency and economy may be attained in operation and maintenance, and the cost of carrying spare parts may be minimized, by standardizing on a particular make of equipment. This may have the additional advantage of maintaining continuity of relationships with manufacturers and obtaining technical assistance from them.

There is one type of loan in which the goods pass through normal trade channels, and both the importer and the ultimate purchaser have no relationship with the Bank. In such cases it is not practical to stipulate a particular method of purchase, and the consumer's preference will determine the source of supply.

There are some cases in which an experienced and "sophisticated" purchaser knows the market so well that the best prices and terms can be obtained by carrying out procurement on a negotiated basis.



It sometimes happens that orders have been placed before the loan is granted. In such cases the Bank expects the borrower to prove that the contract prices are reasonable, but cannot of course do more than this.

These are the most usual reasons why international bidding is not practiced in all the operations financed by Bank loans, and why the Bank has never adopted any rigid policy that all its borrowers should always use the method.



Procurement

Mr. Robert L. Garner

January 8, 1953.

Leonard B. Rist

Study on DMPA Financing

The purpose of this paper - about which you have inquired - is the following.

1. I feel that we should have readily available in the Bank information about all sources of international financing other than the International Bank. This paper is actually the third installment in a series which included one memorandum on postwar lending operations of the EximBank and one on guarantees on foreign private investment.
2. The operation departments have asked for information on DMPA (e.g. for Africa). We were also asked by Torfs to give him for the Colombian Commission a study on the subject.
3. Some ED's have evidenced interest in the two previous studies and various lending activities of the U. S.
4. From the standpoint of our own operations and, in particular, IFC, several features of DMPA are of interest, (equity participation, local currency financing, use of counterpart funds).
5. This paper has been distributed to the ED's and can be freely given outside of the Bank. It has been cleared for that purpose with DMPA and Mr. Hooker.

Procurement, Gen'l

LBRist/med.



*Procurement*

Mr. John S. Hooker

December 17, 1952.

Leonard B. Rist

I would appreciate your comments on the attached memorandum which I would like to circulate to the Executive-Directors. It has been prepared on the basis of unclassified material which DMPA has made available to us.

*Procurement - Gen'l*



# STAFF LOAN COMMITTEE

*Procurement*

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

**DECLASSIFIED**

**AUG 02 2016**

**WBG ARCHIVES**

## MEMORANDUM TO MEMBERS OF THE STAFF LOAN COMMITTEE

The attached memorandum from the Director, Economic Staff, (SIC/O/527) dated December 16, 1952 and the report attached thereto, "International Credit Operations of the Defense Materials Procurement Agency" (EC 7) dated December 15, 1952, are distributed to the Committee for information.

Comments should be given to John H. Adler (Room 1223, Ext. 2131) not later than Tuesday, December 23.

**HERBERT G. A. WOOLLEY**

Herbert G. A. Woolley  
Secretary  
Staff Loan Committee

December 17, 1952

*Procurement - Gent*



SLC/O/527

December 16, 1952

STAFF LOAN COMMITTEE

Memorandum from the Director, Economic Staff

Herewith for your information a memorandum on the foreign credit operations of the Defense Materials Procurement Agency (DMPA). I plan to circulate the paper which describes a less known part of the foreign economic operations of the U. S. Government to the Executive Directors. The paper has been cleared with DMPA; I am also sending a copy to Mr. Hooker.

Comments should be given to John H. Adler (Room 1223, Ext. 2131) not later than Tuesday, December 23.



Procurement

December 1, 1952

Gentlemen:

I acknowledge receipt of your letter K 54-191A dated November 26, and I have now received the catalogs you sent to me separately, covering equipment built by your company as well as that for which you are export representatives.

I am happy to have these brochures on file, in the event that any of our borrowers should request information on the type of equipment you describe.

You may rest assured that should I require any further information or assistance in connection with your products, I will immediately contact you.

Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

The Pressed Steel Car  
Company, Incorporated  
Export Division  
25 Broad Street  
New York 4, N. Y.

Cont'rs Oper. of S

jd



Procurement

No. 700

December 1, 1952

Dear Stanley:

Subject: Belgian Production

With reference to your letter dated November 24, I was very much interested in your comments on A.C.E.C.'s production facilities, competitive prices and deliveries.

I am keeping this information on file in the event that one of our borrowers should be interested in purchasing the type of equipment which A.C.E.C. manufactures.

With best regards,

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

Cont'd. of 75.

jd



Procurement

No. 699

December 1, 1952

Dear Stanley:

I have your letter of November 24 describing a company you have located in Belgium which manufactures drag lines and mechanical shovels.

In view of the favorable price and delivery indicated in your letter, I think it would be worthwhile to obtain the company's catalog and I should appreciate your sending this to me in due course.

With best regards,

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

Contr. - H. 18

jd



Procurement

November 25, 1952

P. 695

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 Rue de Lille  
Paris 7<sup>e</sup>, France

Dear Stanley:

I received a series of letters from you last week, the dates of which are October 27, October 30 (2), November 6 and November 10. Comment on each of these letters follows:

Letter of October 27

This letter encloses some information on status of conveying and electrical equipment from Hugh Wood & Co. Ltd., London, but I have no way of knowing for what project this equipment is being manufactured. The contract numbers given are not identified as to whose contract. They are probably the Wood Company's contract but that is of no help to me. As I indicated to you in my letter of October 28, I would like project identifications on all equipment.

Letter of October 30, P.1192

In your letter of October 30, P.1192, you ask that I reply whether I would like the actual correspondence which you receive or whether I would like for you to prepare a sheet showing the prices of the original quotation compared with the quotations which you receive. My answer is that I would like both, and particularly the sheet prepared by you showing the original quotation and comparable later quotations. On the sheet which you prepare, please indicate the Yugoslav project.

In this letter you also ask if I could give you any details of crushing machinery required for the superphosphate mine. The crushing machinery will be located in a chemical plant which will treat phosphate rock, received probably from North Africa, with sulphuric acid to produce superphosphates. The plant is designed to handle approximately 85,000 tons of phosphate rock annually. On 300 days operation per year, this would require crushers of capacity to handle about 120 tons of rock daily. The largest size of the rock to be crushed will probably be in the order of 8 to 12" in diameter. The galvanizing and bituminizing equipment required

Procurement. Genl



for the seamless tube plant will be required for maximum lengths up to 16 meters for tubes up to 100 mm. in diameter and 14-1/2 meters for tubes up to 400 mm. in diameter. The smaller tubes will have maximum lengths up to 20 meters. The capacity of this plant in one 8-hour shift will be approximately 4,100 tons of tubes 4-1/2" in diameter, 8,100 tons of tubes from 5 to 7" in diameter and 4,800 tons of tubes up to 13-3/8" in diameter. The annual production will be about 17,000 tons of tubes of all types. Not all of the tubes, of course, will be galvanized or coated. I would estimate that only the smaller sizes will be galvanized or say approximately one-third of the total production. Gas made from brown coal will be used for firing the furnaces. Steam will probably be available at the plant as there is a power station of about 7,000 KVA located on the site.

I have no drawings of the springs for locomotives. The only information I have on springs is as follows:

Type of steel for locomotive springs - 80-92 Kg/mm<sup>2</sup> strength

Type of steel for railroad cars - 70-82 Kg/mm<sup>2</sup> strength

The type of locomotive would be the medium-sized European locomotive, many of which were manufactured in Germany. The age of most of the locomotives now in use is about 20 years and older.

Letter of October 30, P.1195

In your second letter of October 30, information is given concerning orders placed in France with Societe Decauville. This information apparently refers to contracts under the first loan. I note that on the Bor contract you state that any escalation will be covered by their own clearing bank and that the order is 95% firm. I was told when I was in Paris that the French Government will carry on export items all escalation above 5% of the contract price. This is to protect France's foreign trade against the effects of domestic inflation. I would appreciate your checking on this and letting me know if this practice is still in effect. Apparently the statement in regard to the Bor contract confirms what I was told.

Letter of November 6

Your letter of November 6 encloses information on transformer oil and cryolite which is very helpful. The letter from Mr. Warburg regarding the airport equipment is also helpful as it suggests adding 10% to the prices given to us by the Yugoslavs.

I realize that it will be difficult for you to get quotations on many items without some sort of specifications. However, it would be helpful if you could send along quotations on specific sizes of diesel locomotives, bulldozers, tractors, etc. even though they may not be the exact sizes required by the Yugoslavs. Some quotations will give us some idea of what price ranges in Europe are at the present time. After all, the best we can hope for is some spot check of the long list of items required by the Yugoslavs. I think from the information you will be able to send we can form some rough idea of whether or not the Yugoslav prices are in line.



Stanley H. Miller

-3-

Letter of November 10

In your letter of November 10, you state that the list enclosed is compiled in chronological order to the one in my possession on the question of orders placed and the information I require on delivery and possible escalation. This statement puzzles me. I do not know to which list in my possession you refer. The list which you enclosed would be much more helpful if the project for which the various types of equipment had been ordered were given. I would appreciate your revising the list accordingly and also clarifying to which list in my possession you refer.

In conclusion, I might say that it would be helpful if you could at an early date give me your opinion on the German price situation. If you think the Germans have quoted low in order to get the business and will later add stiff increases under their escalation charges, I would like your opinion as to what amount of escalation might be indicated. I realize, of course, that this will be an estimate on your part but you are closer to the scene than I am, and it would be helpful to have your judgment in this regard.

Sincerely yours,

ADS:JS

A. D. Spottswood

P.S. Since dictating the above, I received a memorandum from the Paris office dated November 18 enclosing additional information on deliveries and possible escalation on various orders, and also a statement from the International Aeradio Company, London, regarding equipment for Yugoslav airports.

As indicated above, the information on deliveries and escalation would be more helpful if the projects were identified.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Harold Graves

DATE: November 19, 1952

FROM: Henry W. Riley

*HW*

SUBJECT:

Referring to your note of November 10 about Walter Hill's request, I am attaching a short memorandum regarding the Bank's disbursements for European equipment. I must say that basic information on which this memorandum is based has already been furnished to Mr. Hill. I am returning his letter herewith.



D R A F T

Amount of European Equipment Purchased  
by the Bank's Borrowers.

At the end of the Bank's last fiscal year, June 30, 1952, disbursements on the Bank's loans totalled the equivalent of \$876 million. Of this amount the equivalent of approximately \$125 million was disbursed to the Bank's Borrowers to finance the purchase of goods from European suppliers.

During the first four months of the current fiscal year, disbursements totalled the equivalent of approximately \$84 million, of which about *20.0 million* was to finance purchases from European suppliers. Not only have European purchases amounted to a substantial portion of the Bank's disbursements, but recent figures show an increase in the percentage of European goods financed. For the period prior to June 30, 1952, about 14% of the goods financed by the Bank originated from Europe. About *24*% of disbursements made in the current fiscal year relate to European goods.



Procurement

November 17, 1952

Dear Mr. Jorgenfelt:

*Not sent to file.*

I acknowledge receipt of your letter dated November 5, informing me that you have sent separately several copies of your booklet "Capital Goods from Sweden".

Judging by your description of the contents of this brochure, I think I shall find it most interesting and informative, and I should like to thank you for your thoughtfulness in sending it to me. If I require any additional copies, I will certainly take advantage of your kind offer to supply them.

With kind personal regards,

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Mr. U. Jorgenfelt  
The General Export Association  
of Sweden  
Vasagatan 12  
Stockholm, Sweden

jd

*Contr. Off. of S.*



No. 669

November 17, 1952

Dear Stanley:

*Not sent to file*

I refer to your letter P.1193 dated October 30, enclosing a letter from Schenker & Company of Hamburg, Germany.

This letter is being placed in our files, in the event that we receive inquiries from any of our borrowers for information on the type of services this company could render.

I have not acknowledged Schenker's letter, in case you have already done so from Paris.

With best regards,

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

*Contr. - Off of S*

Mr. Stanley H. Miller  
International Bank for  
Reconstruction and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

jd



November 13, 1952

Gentlemen:

I am in receipt of your letter dated November 10, informing me that you have sent separately a catalog of the hospital equipment manufactured by your company.

I shall be pleased to have this data, in the event that any of our borrowers request information on this type of equipment.

Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

C. A. Wallenborg & Son, Limited  
Export Department  
Birger Jarlsgatan 73  
Stockholm  
Sweden

jd

Contr. - 07/1/52



November 13, 1952

Gentlemen:

*Not sent to file*

On October 21, 1952 Mr. John L. DuBois of this Department wrote to your company with respect to the scheduled delivery of two orders placed with you by the Staatsmijnen in Limburg, The Netherlands, for 21 instruments and 50 transmitters.

I should now like to reply to The Herstellbank and should, therefore, appreciate it if you would let me have some data on the present status of these orders.

Thanking you for your cooperation in this matter,

I am,  
Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

The Taylor Instrument Company  
Rochester, N. Y.

jd

*Conti - General*



Procurement

November 13, 1952

*Not sent by file*

Gentlemen:

On October 21, 1952 Mr. John L. DuBois of this Department wrote to your company with respect to the scheduled delivery of an order placed with you by the Staatsmijnen in Limburg, The Netherlands, for 4 Spectro-Photometers with spares.

I would now like to reply to The Herstellbank, from which I have received an inquiry, and should therefore appreciate it if you would let me have some data on the present status of these orders.

Thanking you for your cooperation in this matter,

I am,  
Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Beckman Instruments Incorporated  
820 Mission Street  
South Pasadena, Calif.

*Control General*

jd



Mr. Riley

November 10, 1952

Harold Graves

Here is a copy of the letter I showed you this morning from Walter Hill. Could you give me a memorandum of from 500 to 750 words on Point 1 in his letter?

You will notice that there is no deadline suggested. Any time in the next three or four weeks would do.

Attachment

HGRAVES:mb

Wheeler-Johnson Co.  
HAS CONSENT  
MADE IN U.S.A.



Mr. Aldewereld

November 10, 1952

Harold Graves

Here is a copy of the letter I showed you this morning from Walter Hill. Could you give me a memorandum of from 500 to 750 words on Point 2 in his letter?

You will notice that there is no deadline suggested. Any time in the next three or four weeks would do.

Attachment

HGRAVES:mb



November 10, 1952

Dear Mr. McCarthy:

I acknowledge receipt of your letter dated October 31, which was addressed to Mr. L. Gray Marshall, requesting data on the procedures involved in connection with our loan operations.

I think that the enclosed two pamphlets which are published by the Bank will more than adequately cover the information you are seeking.

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Enclosures: 2

Mr. H. McCarthy  
Singmaster & Breyer  
420 Lexington Avenue  
New York, N. Y.

Contr. - Genl



Procurement

No. 657

November 10, 1952

Dear Bob:

*F. T. Shull*

I refer to letter number 589 addressed to you by Mr. John DuBois, with regard to the draft summary of my statement to the OEEC Machinery Committee in Paris.

I have looked over this statement and have made one or two minor alterations and additions to it. I am therefore enclosing two amended copies, and should appreciate your forwarding one of them to Mr. Bosquet.

With best regards,

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
• Technical Operations

Mr. Robert F. Skillings  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

*Procurement - General*

jd

cc: Mr. Stanley Miller





# Record Removal Notice



<b>File Title</b> Procurement - General - Volume 2		<b>Barcode No.</b>  30181436		
<b>Document Date</b> September 2, 1952	<b>Document Type</b> Report			
<b>Correspondents / Participants</b> Organisation for European Economic Cooperation				
<b>Subject / Title</b> Machinery Committee Participation of the European Engineering Industries to the Investment Projects Financed by the IBRD				
<b>Exception(s)</b> Information Provided by Member Countries or Third Parties in Confidence				
<b>Additional Comments</b>		<p>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.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 02-Aug-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16			



Procurement

November 8, 1952

Gentlemen:

I acknowledge receipt of your letter dated November 4, addressed to Mr. Eugene R. Black, with regard to the heated air pressure air craft wing engine being produced by your company.

I should appreciate receiving any literature or brochures describing this equipment, which you may have available.

Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

The New Piston Valve Company  
839 South 13th Street  
Newark 8, N. J.

Contr. - Gen'l.



Procurement-

November 7, 1952

Dear Mr. Dahlén:

In going over the list of people to whom I had written thanking them for the courtesies which they had extended to me during my trip to Europe last summer, I discovered that I had failed to write to you.

I hope that you will forgive me for this oversight and that you will permit me at this late date to express my appreciation for the privilege of visiting your plant, meeting you, and discussing with your directors some of your problems, as well as acquainting you with the operations of the World Bank. I enjoyed so much the opportunity to see the articles which you manufacture and distribute throughout the world, and I was particularly impressed with the diversification of your line of products.

Please extend my thanks and appreciation to your directors, Messrs. Silfwerstolpe and Stenberij, and to Mr. Rolf Lindman, your engineer. If I recall correctly, one of your executives planned to visit the United States sometime this fall, and I hope that he will make it a point to come to Washington during his stay in this country, so that I may have the pleasure of seeing him.

Again, many thanks for the courtesies extended to Mr. Miller and myself.

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Mr. Gunnar Dahlén  
Managing Director  
Svenska AB Gasaccumulator  
Lidingö 1  
Stockholm, Sweden

*Contractors - General*



No. 652

November 7, 1952

Dear Yann:

I was going over the list of persons to whom I had written, thanking them for the courtesies which they had extended to me during my tour of Europe during the summer, and I suddenly realized that your name was not among them. I feel very badly about this oversight and hope that you do not feel offended.

Certainly, of all the people I met in Europe who earned a note of thanks, you should stand close to the top of the list. It was a real pleasure for me to have met you and I deeply appreciate the valuable services you rendered during my travels in and out of Paris.

Again, may I say that I am terribly sorry not to have written to you sooner and I hope that you will forgive me.

With kind personal regards to you and Mrs. LeRoux,

I am,

Sincerely yours,

Frank T. Shull, Jr.

Mr. Yann R. LeRoux  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

Procurement - General



Procurement

No. 621

October 27, 1952

Dear Stanley:

Not sent  
to file

Reference is made to your letter dated October 14, in which you requested information regarding the Government test in Nebraska, on behalf of Commander Bingham, Secretary of the Agricultural Manufacturers' Association of Great Britain.

My investigation of this matter discloses that the Brazilian Government does not require tractors from countries other than the United States to pass the Nebraska test. If these tractors are being financed from an Export-Import Bank loan, it is more than likely that the specifications are written around American standards, in which case they may call for a Nebraska test. It is also likely that if this equipment were being covered by an Eximbank loan it would all have to be purchased in the U.S., which is one of the requirements of that bank.

The Nebraska test came about some 30-40 years ago, when mechanical farm equipment first came on the market. In those days machinery peddlers would go about the countryside telling farmers to sell their horses and equipment and buy these new mechanical devices. It turned out that many of these devices were absolutely useless and the farmer was definitely "taken" by the machinery peddler. The State of Nebraska decided that it would not permit these machinery peddlers to swindle its farmers and, therefore, the legislature passed a bill which stated that all equipment sold in the State would have to meet the standards and tests of the State University. This test has come on down through the years and is still a standard for testing farm equipment.

It is clear, therefore, that farm equipment manufactured in the U.K. and destined for Brazil is not subject to the Nebraska test.

I hope that this information will clear up the point raised by Commander Bingham.

With best regards,

Sincerely yours,

John L. DuBois  
Department of  
Technical Operations

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
Paris 7, France

Procurement - Brazil



Procurement

October 24, 1952

Dear Mr. McIntyre:

I am certainly very sorry that you were not informed of our change in itinerary. No doubt I was remiss in not notifying you myself but I assumed that your Los Angeles office, which I contacted, would take care of the matter by getting in touch with you.

Needless to say, we were all very sorry that our plans had to be changed, making it necessary for us to arrive in Seattle over the weekend, when all of your operations are shut down. According to your letter of October 6, addressed to me at the Hotel Camlin, Seattle, you had quite a program lined up for us for the day, and we all feel certain that we missed seeing and learning a lot on the timber business.

*Mr. Shull.*

May I again extend my apologies and express the hope that at some later date we may have the privilege of being your guests.

Sincerely yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

Mr. C. E. McIntyre  
Public Relations  
Weyerhaeuser Timber Company  
Tacoma 1, Washington

FTSHULL:jd

*Procurement General*



P. 1167

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25 D. C.

TEL. BABYLONE 17-10  
CABLE ADDRESS - INTBAFRAD PARIS

PLEASE REPLY TO  
PARIS OFFICE ADDRESS  
67, RUE DE LILLE  
PARIS (7<sup>e</sup>), FRANCE

P.1167

October 23, 1952

Mr. Harold Graves  
International Bank for Reconstruction  
and Development  
Washington 25, D.C.

Dear Harold:

The Conseil National du Patronat Français (CNPF), the French equivalent of the National Manufacturers' Association, have been in touch with us for some time to keep up to date on the Bank's activities. They would like to publish in a future number of their monthly bulletin a note describing:

- 1) the increase which has taken place in the amount of European equipment purchased by borrowers out of the Bank's loans. Mr. Aldewereld's letter to us of July 21, 1952 (P.455) contained interesting figures in this connection,
- 2) the principles which the Bank encourages its borrowers to adopt in placing contracts, and the procurement assistance rendered to borrowers by the Bank.

Such an article might be extremely useful here in France in view of the fact that the French manufacturers are increasingly participating in projects financed by the Bank. I wonder whether it would be possible for you to have some notes prepared which we could use to help the CNPF prepare the kind of article they have in mind. I should imagine that about 1000 words will be required.

Best wishes,

Yours sincerely,

*Walter*

Walter Hill  
Special Representative in Europe



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25, D.C.

PLEASE REPLY TO  
PARIS OFFICE ADDRESS  
67, RUE DE LILLE  
PARIS (7<sup>e</sup>), FRANCE

TELEPHONE 12-10  
CABLE ADDRESS: INTBANPAR

October 23, 1952

P.1167

Mr. Harold Graves  
International Bank for Reconstruction  
and Development  
Washington 25, D.C.

Dear Harold:

The Conseil National du Patronat Français (CNPF), the French  
equivalent of the National Manufacturers' Association, have been  
in touch with us for some time to keep up to date on the Bank's  
activities. They would like to publish in a future number of  
their monthly bulletin a note describing:

- 1) the increase which has taken place in the amount of  
European equipment purchased by borrowers out of  
Bank's loans. Mr. Aldersheim's letter to us of 7/1/52,  
1952 (p. 452) contained interesting figures in this  
connection.
- 2) the principles which the Bank encourages its borrowers  
to adopt in placing contracts, and the procedure  
assistance rendered to borrowers by the Bank.

Such an article might be extremely useful here in France in  
view of the fact that the French manufacturers are increasingly  
participating in projects financed by the Bank. I wonder whether  
it would be possible for you to have some notes prepared which we  
could use to help the CNPF prepare the kind of article they have  
in mind. I should imagine that about 1000 words will be required.

Best wishes,

Yours sincerely,

Walter Hill  
Special Representative in Europe

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

2562  
OCT 27 9 12 AM 1952



Proc.

October 20, 1952

Gentlemen:

I am in receipt of your letter of September 19, 1952, with which you enclosed information regarding tractors manufactured by your company. I am happy to have this data, in the event that any of our borrowers request information on this kind of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Hannoversche Maschinenbau-  
Aktien-Gesellschaft vormals  
Georg Egstorff (HANOMAG)  
Hamelnerstrasse 8  
Hannover  
Germany

*Contractors - Gen'*

JLDUBOIS:jd

cc: Mr. Stanley H. Miller  
Paris Office



Procurement

October 16, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter of September 19, 1952, which which you enclosed information regarding tents manufactured by your company. I am happy to have this data, in the event that any of our borrowers request information on this kind of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

H. J. G. Strehler  
13a Schwabach  
Germany

*Contractor - off. of 5*

JLDUBOIS:jd cc: Mr. Stanley Miller



Procurement

October 16, 1952

Gentlemen:

I acknowledge receipt of your letter dated October 2, and am pleased to advise you that I have today received the Directory of British Construction Equipment which you so kindly sent to me at the request of Mr. Stanley H. Miller.

This directory will certainly be most useful to us here at the Bank, and I should appreciate your placing my name on your list for further editions, for which I enclose the appropriate card.

Very truly yours,

Frank T. Shull, Jr.  
Department of  
Technical Operations

The Federation of Manufacturers  
of Contractors Plant  
River Plate House  
12 South Place  
London, E.C.2.  
England

Contractors - Genl

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Paris Office

Not sent to file.



*Procurement*

October 13, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 10, 1952, with which you enclosed information regarding various types of trucks. I am happy to have this data, in the event that any of our borrowers request information on this kind of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Daimler-Benz Aktiengesellschaft  
Stuttgart-Unterturkheim  
Germany

*Contractor - Off. of S*

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



October 13, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 9, 1952, with which you enclosed information regarding various types of road construction equipment. I am happy to have this data, in the event that any of our borrowers request information on this kind of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Höfinghoff & Schmidt K.G.  
Mittelstrasse 2  
Gevelsberg/Westfalia  
Germany

*Contractors - Off of 5*

JLDUBOIS:Jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



October 13, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 9, 1952, with which you enclosed information regarding asphalt brushes for road construction. I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Hessische Hoelzerwerke  
(16) Waldmichelback  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

*Contractors -  
of. of S.*



Procurement

October 13, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 25, 1952 with which you enclosed information regarding your glass products.

I am happy to have this data, in the event that any of our borrowers in the areas which you specify request information on this type of equipment.

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

James A. Jobling & Company, Limited  
Wear Glass Works  
Sunderland  
England

JLDUBOIS:jd

*Contractor - Off of S*



October 13, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 1, 1952, regarding wire rope manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Felten & Guilleaume Carlswerk  
Köln-Melheim  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

*Contractors Office*



October 13, 1952

Gentlemen:

*Not sent D file*

I am in receipt of your letter dated September 3, 1952, with which you enclosed information regarding hurricane lanterns.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

"Rheum"  
Remscheid-Luettringhausen  
Germany

JLDUBOIS:jd

cc: Mr. Stnaley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

*Contractors' Office of S.*



October 13, 1952

Gentlemen:

*Not in file.*

I am in receipt of your letter dated September 8, 1952, in which you state that you have sent your catalog of trucks to us under separate cover. I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Henschel & Sohn  
Henschelstrasse 2  
Kassel  
Germany

*Contractors -  
Off of S.*

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 9, 1952, in which you state that you have sent your wire rope catalog to us under separate cover. I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Drahtseilerei Gustav Kocks A.V.  
Bergstrasse 52  
Mülheim-Ruhr-Bereich  
Germany

Contractors -  
Offers of S

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



Procurement

October 9, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 5, 1952, with which you enclosed information regarding various types of hammers. I am happy to have this data, in the event that any of our borrowers request information on this kind of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Joh. Herm. Picard  
Wuppertal-Cronenberg  
Germany

*Contractors  
Offs of S.*

JLDUBOIS:jd cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



October 9, 1952

Gentlemen:

*Not sent to file*

I am in receipt of your letter dated September 23, 1952, with regard to tents manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Zintgraff & Lehmann  
Münstereifel  
Germany

JLDUBOIS:jd cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

*Contractors -  
Offers of 5*



October 9, 1952

*Not sent to file*

Gentlemen:

I am in receipt of your letter dated September 17, 1952, with which you enclosed information regarding your various models of trucks. I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Faun-Werke  
Höfenerstrasse 53  
Nürnberg  
Germany

*Contractors.  
Offs of S.*

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda



Procurement

October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 12, 1952, with regard to tents manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Sackfabrik Hitzacker  
Theodor Schwartz & Company  
Hitzacker/Elbe  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

Not sent to file

Contractors  
Off. of S.



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 10, 1952, regarding tents and camping equipment manufactured by your company.

With respect to the proposed road construction program, in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Wilhelm Stermann, Moers  
Obere Birk 42  
Moers/Rhein  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

Contractors  
Off. of S



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 2, 1952, regarding various types of trucks manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Carl Kaelble  
Postfach 43  
Backnang  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

Contacts -  
Off. of S.



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 12, 1952, regarding tents manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Albert Moll Company  
Remscheid-Lennep  
Postfach 34  
Germany

JDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

*Contractors -  
Off of S*



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 15, 1952, regarding tents manufactured by your company.

With respect to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Fried. Spies  
Hernerstrasse 464  
Bochum  
Germany

JLDUBOIS:jd cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

Contractor-  
Offs of S.



October 9, 1952

Gentlemen:

I am in receipt of your letter dated September 16, 1952, with which you enclosed information regarding vibrators and vibrating screens manufactured by your company.

I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Haver & Boecker  
Oelde (Westphalia)  
Germany

JLDUBOIS:jd cc: Mr. Stanley Miller

Contractors  
Office



October 9, 1952

Gentlemen:

I am in receipt of your letter dated October 2, 1952, with which you enclosed information regarding your various models of trucks. I am happy to have this data, in the event that any of our borrowers request information on this type of equipment.

With regard to the proposed road construction program in Syria, since the Bank's borrowers make their own selection of equipment, it is suggested that you contact:

M. Babih Oulabi  
Directeur des Ports et Chaussees  
Ministere des Travaux Public et  
des Communications  
Damascus, Syria.

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Klöckner-Humboldt-Deutz A.G.  
Werk Ulm  
11a Ulm-Donau  
Schillerstrasse 2  
Germany

JLDUBOIS:jd

cc: Mr. Stanley Miller  
Mr. Dorsey Stephens  
Mr. Svoboda

Contractors -  
Off. of S.



Procurement

October 9, 1952

Gentlemen:

Receipt is acknowledged of your letter JET/DVB dated September 23, in which you inform us that your general catalog of Laboratory and Pilot Plant Equipment is presently out of print.

However, we shall be very pleased to receive your 54AB of Scientific Apparatus and 16B-S of Laboratory Specialities, which we understand you are despatching to us under separate cover.

Very truly yours,

John L. DuBois  
Department of  
Technical Operations

Griffin & Tatlock, Limited  
Kemble Street  
Kingsway  
London, W.C.2.  
England

JLDUBOIS:jd

Contractors -  
Gen<sup>l</sup>



*Procurement*

No. 599

October 9, 1952

Dear Stanley:

*Not sent to file*

Reference is made to your letter P/1099 dated October 2, regarding requirements for transmission towers.

The only thing that I can suggest is that the companies fabricating transmission towers should keep abreast of the Bank's loans and then contact the borrowing country regarding their project. As you know, it is not the Bank's policy to recommend to a borrower that equipment should be procured from a particular manufacturer. It is perfectly all right to inform a manufacturer that a loan has been made to a certain country, but here again, we do not want the manufacturer to get the idea that the Bank is recommending him to a borrowing country. In all cases the borrower should select his own equipment, without any influence from the Bank, so long as the price is reasonable and the choice is in line with sound engineering practice.

We have now arranged for you to receive certain Bank papers, which will keep you advised of what loans are in effect, as well as various proposed loans on which the Bank is working. However, the latter should be kept confidential until such time as the loan is signed. These papers will keep you currently informed as to what type of projects are being considered by the Bank.

With best regards.

Sincerely yours,

John L. DuBois  
Department of  
Technical Operations

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

JLDUBOIS:jd

*Procurement - General*



Procurement

No. 600

October 9, 1952

Dear Stanley:

*Not sent to file*

Reference is made to your letter P/1100 dated October 2, regarding specifications.

As you know, in many instances when the Bank receives a request for a loan, the borrower has already proceeded with the engineering and specifications and, in some cases, orders have been placed. If the Bank approves the loan, it does not ask the borrower at that late date to re-write the specifications. It is the normal procedure for many engineering concerns to write their specifications around a certain manufacturer's equipment and then specify "or like equipment".

In the case of Finland, we are only financing a certain portion of these projects and the Finns requested dollars, so as to purchase equipment in the U.S. They are financing themselves, much more than the amount of our loan, equipment which will be procured in soft currency countries. The Finns certainly would not borrow dollars and have them converted into soft currencies for the purchase of equipment in soft currency countries.

As you undoubtedly know, the Bank never tries to influence a borrower to procure specific equipment. We merely offer advice and endeavor to solve any procurement problems which arise. The Bank does insist, so far as possible, that bidding be carried out on an international basis, which gives every country an opportunity to have their manufacturers submit bids. After obtaining international bids, contracts are then usually let to the lowest bidder with the best delivery.

I realize that many European countries and their manufacturers are under the impression that the Bank draws up the specifications on behalf of the borrower and, due to the fact that the Bank is located in the U.S., it is commonly believed that we specify American suppliers. We know that this is not true and this is one of the points which we must clarify with European manufacturers, as well as U.S. manufacturers, on every possible opportunity.

If an inquiry was put out from India for pumps with American specifications, and a European concern could not quote because such pumps were written around U.S. specifications, it seems that the distributor in India has done a good selling job and there is nothing that we, in the Bank, can do to combat such a situation, so long as price is reasonable and the specifications are sound.

*Procurement - General*



2.

I hope that this explains the situation, and if it is possible for us to work with the borrowers before specifications are drawn up, we will try to have them prepare such specifications so that any company in any country can bid.

With best regards.

Sincerely yours,

John L. DuBois  
Department of  
Technical Operations

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

JLDUBOIS:jd



October 8, 1952

Dear Mr. Holmquist:

Not sent to file

I acknowledge receipt of your letter dated October 2, addressed to Mr. Frank T. Shull, Jr., in which you inform him that you have sent separately a copy of the Swedish Export Directory.

Mr. Shull is away from Washington for a few days, but I will bring your letter to his attention as soon as he returns to the Bank.

I understand that the Procurement Division of the Bank already has a copy of this Directory, but as many members of our technical staff have shown considerable interest in this publication, we shall be very happy to receive this second copy from you, which we can then pass to the Engineering Division of this Department for the use of its personnel.

With regard to your request for an additional copy of our press releases to be addressed to you, personally, I have today arranged this with the Public Relations Department of the Bank.

Sincerely yours,

John L. DuBois  
Department of  
Technical Operations

Mr. Hugo Holmquist  
General Export Association  
of Sweden  
12 Vasagatan  
Stockholm, Sweden

Contract  
Gen l



*Procurement*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**OUTGOING WIRE**

DATE: August 25, 1952

TO: ~~STANLEY~~ MILLER  
INTBAFRAD  
PARIS

*++  
(rcA)*

TEXT:

CLASS OF SERVICE DESIRED	
NIGHT LETTER <input checked="" type="checkbox"/>	CODE <input type="checkbox"/>
DEFERRED <input type="checkbox"/>	FULL RATE <input type="checkbox"/>
TELETYPE <input type="checkbox"/>	

*Shull*

NUMBER 112 RE YOUR LETTER AUGUST 7 TO MINISTRY OF SUPPLY COMMA  
M.E.X.E. REQUESTS YOU VISIT CHRISTCHURCH AUGUST 28 OR 29 CONFIRM  
ARRANGEMENTS TO COLONEL COATES CHRISTCHURCH 730

SHULL  
INTBAFRAD

AUG 25 5 40 PM 1952

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVEL.

*Procurement - Gen<sup>l</sup>*

AUTHORIZED BY:

NAME *[Signature]* Frank T. Shull, Jr.

DEPT. Loan

For Use by Archives Division
Checked for Dispatch <i>[Signature]</i>

FILE COPY



OUTGOING WIRE

CLASS OF SERVICE DESIRED	
<input type="checkbox"/> NIGHT LETTER XX	<input type="checkbox"/> DAY LETTER
<input type="checkbox"/> TELETYPE	<input type="checkbox"/> TELETYPE

DATE August 25, 1952  
 TO PARIS  
 INTERMEDIATE OFFICE  
 TELETYPE

ARRANGEMENTS TO CONSIDER COSTS OF TRANSMISSION  
 I.E.R.R. YOU ARE TO BE ADVISED THAT YOU WILL BE RESPONSIBLE FOR THE COSTS OF TRANSMISSION  
 NUMBER 112 IN YOUR LETTER AUGUST 7 TO MINISTRY OF SUPPLY, COMRA

RECEIVED  
 AUGUST 25 1952

RECEIVED  
 INTERNATIONAL BANK FOR  
 RECONSTRUCTION AND DEVELOPMENT  
 AUG 25 5 37 PM 1952

APPROVED BY  
 NAME: T. M. G. Smith, Jr.  
 TITLE: Director



Procurement

No. 523

August 15, 1952

Dear Stanley:

In my letter of July 24, I suggested that you identify projects in all correspondence with us. In order to facilitate this, I have arranged for you to receive the monthly Statement of Loans. You will note that the first column is headed "Loan Number". If you will use this number we will always be able to identify the project under discussion.

I have also arranged for you to receive the Semi-Monthly Report to the Executive Directors and the monthly Operational Summary, the latest copies of which are enclosed.

These three documents will, I think, be helpful to you in your operation.

With best regards,

Sincerely yours,

John L. DuBois  
Loan Department

Enclosures: 3

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

Procurement - General

JLDUBOIS:jd



Procurement

Files

OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar *ASG*

DATE: August 6, 1952

FROM: Frank L. Shull, Jr.

SUBJECT: Your telephone call regarding talk to be given tomorrow to the Export Section of the U.S. Chamber of Commerce

After talking with you this morning about how to answer the question: "Does the Bank favor its borrowers buying through purchasing missions, or through local distributors", I believe you might mention the following.

It is the general policy of the Bank to interfere as little as possible with its borrowers' purchasing. Many of the larger borrowers, such as, Brazilian Traction, Light & Power Company, Mexican Light & Power Company, India and Chile, purchase through missions or buying offices which have been in existence for a considerable time. They not only buy with money made available through Bank loans, but with their own resources.

With respect to local distributors, the Bank believes that in most cases orders from borrowers could be advantageously placed through normal commercial channels, namely, through distributors. However, the Bank feels that it is up to the manufacturer to see that its distributors are in a position to render a real service to our borrowers for the commission earned. The most important service to be rendered is that of maintaining an adequate supply of spare parts to service the mechanical equipment ordered. It is not necessary for me to point out how a lack of spare parts could delay the mechanical effort connected with a project, where quantities of equipment are in service.

Some of our borrowers, due to lack of foreign exchange, have not had too much experience in purchasing in the world's markets, and the Bank has established a special section for the purpose of assisting them, where special help is required.

Procurement - General



*Proc.*

July 28, 1952

*Mr. DuBois*

Gentlemen:

I am in receipt of your letter of July 21, 1952, requesting a listing of our loans and associations, agencies and individuals who obtained loans.

I wish to advise you that our loans are made directly to the various governments and they, in turn, procure the necessary equipment to carry out the projects.

We will be glad to keep your Company in mind in case a borrower requests information regarding the availability of equipment such as you handle.

Very truly yours,

John L. DuBois  
Loan Department

J. A. Terteling & Sons, Incorporated  
Contractors  
Boise, Idaho

*Contractors -  
Offers off.*



July 24, 1952

46B

Dear Stanley:

*J. L. DuBois*

I acknowledge receipt of your letter dated July 21, giving a resume of the various projects on which you are presently working.

The various questions which you raise in your letter will be investigated this end and I will inform you as soon as I have the answers.

It would be appreciated Stanley, if in the future you would give the name of the project in a country. If you just say "Chile", "Brazil", etc., it is difficult at times to tell here just which is the project in question. For instance, item 1 of your letter concerns Bangkok, item 2 Chile and item 7 Iceland. Would you please advise me as to which projects this information pertains.

With best regards,

Sincerely yours,

John L. DuBois  
Loan Department

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 rue de Lille  
Paris 7<sup>e</sup>, France

*Procurement - General*



*Procurement*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**OUTGOING WIRE**

DATE: JULY 23, 1952

TO: ~~INTBAFRAD~~ SHULL  
4 INTBAFRAD  
PARIS

*(RCA)*

TEXT:

CLASS OF SERVICE DESIRED	
NIGHT LETTER <input checked="" type="checkbox"/>	CODE <input type="checkbox"/>
DEFERRED <input type="checkbox"/>	FULL RATE <input type="checkbox"/>
TELETYPE <input type="checkbox"/>	

~~NECESSARY~~  
NECESSARY FOR ME TO HAVE YOUR REPORT AND DISCUSS  
BEFORE I LEAVE ON VACATION STOP WILL YOU THEREFORE  
PLEASE ARRANGE RETURN WASHINGTON NOT LATER THAN  
MONDAY AUGUST 4.

HOAR

~~INTBAFRAD~~

JUL 23 3 34 PM 1952

DISPATCHED  
INTERNATIONAL BANK FOR  
RECONST. AND DEVEL.

*Procurement General*

AUTHORIZED BY:

NAME A.S.G. HOAR *[Signature]*

DEPT. LOAN

For Use by Archives Division

Checked for Dispatch  
*[Signature]*

FILE COPY



# OUTGOING WIRE

CLASS OF SERVICE DESIRED	
<input type="checkbox"/> NIGHT LETTER	<input type="checkbox"/> Y
<input type="checkbox"/> DEFERRED	<input type="checkbox"/> FULL RATE
<input type="checkbox"/> TELETYPE	

DATE: JUL 23 1952

TO: [REDACTED]

FROM: [REDACTED]

TEXT

PLEASE ADVISE THE RECEIVING OFFICE OF ANY CHANGES IN THE MESSAGE  
 FROM THE TIME IT IS RECEIVED UNTIL THE MESSAGE IS DELIVERED TO THE  
 ADDRESSEE. THE MESSAGE WILL BE DELIVERED TO THE ADDRESSEE AT THE  
 TIME SPECIFIED IN THE MESSAGE.

[REDACTED]

RECEIVED  
 INTERNATIONAL BANK FOR  
 RECONSTRUCTION AND DEVELOPMENT  
 JUL 23 3 19 PM 1952

For Use of [REDACTED] Division
Checked for [REDACTED]



*Procurement*

July 18, 1952

Gentlemen:

Reference is made to your letter dated July 16,  
in which you request a copy of the list of projects  
for which the Bank is interested in procuring equipment.

However, I regret to inform you that the Bank has  
at no time published a list of this type.

Very truly yours,

John L. DuBois  
Loan Department

North American Utility and  
Construction Corporation  
405 Lexington Avenue  
Chrysler Building  
New York 17, N. Y.

*Contractors  
Gene*



*Procurement*

July 17, 1952

Gentlemen:

*Mr. DuBois*

Reference is made to your letter of June 23, 1952, enclosing a list of paper machinery which your Company manufactures.

I wish to thank you for this information and I will bring your Company to the attention of any borrower who has need for this type of equipment.

It is recommended that you contact Mr. Stanley H. Miller of our Paris office, who will be able to advise you of the countries requiring this kind of machinery. Our Paris office is located at 67 rue de Lille, 7<sup>e</sup>.

Very truly yours,

John L. DuBois  
Loan Department

Usines Renger  
76 Avenue de la Republique  
Paris  
France

*Contractors -  
off of S*

JLDUBOIS:jd

cc: Mr. Stanley H. Miller  
Paris Office



*Procurement*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**INCOMING WIRE**

DATE OF WIRE: ~~JUNE~~ 6, 1952

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
FROM: PARIS

ROUTING	
ACTION COPY TO	MR DUBOIS
INFORMATION COPY TO	
Decoded By	

TEXT: 2 PLANS CHANGED AS FOLLOWS MEETING MILLER STOCKHOLM MONDAY .  
LEAVING FOR COPENHAGEN WEDNESDAY NIGHT RETURNING LONDON SATURDAY  
FOR SEVERAL DAYS. WILL ADVISE FUTURE ITINERARY NEXT WEEK.  
TRIP TO DATE VERY INFORMATIVE AND VALUABLE TO OUR FUTURE WORK

SHULL

*Procurement - General*



May 22, 1952

Mr. T. R. Bartels  
Republic Carloading & Distributing Company  
168 Twelfth Avenue  
New York 1, N. Y.

Dear Ted:

It certainly was nice receiving your letter of May 7 advising me that you were in the transportation field and I am sure that some day in the near future we may be able to call on you for assistance.

Since the Division of the Bank in which I am located, namely, Procurement and Priorities, is involved with shipping problems of our borrowers, I have had many occasions to try to obtain the services of freight forwarders. We have felt that the borrower gets better service when he uses one freight forwarder and has all of his paper work cleared through one central point.

I am taking off for London tomorrow and expect to be away for approximately two months. However, if you are in Washington during my absence and would like to learn more of our activities with respect to your particular field, I would suggest that you call Mr. John DuBois (extensions 738 and 749) who will be in charge of my office during my stay abroad. You will find John very cooperative and thoroughly familiar with our problems in relation to shipping, insurance, and so forth.

I am sorry that you were unable to attend the Foreign Trade Club dinner in honor of Dr. Horn, as I would have enjoyed very much seeing you after so many years, but I will make it a point to contact you on my return in order that we may have an old-fashioned get-together.

I appreciate Bill Hinson calling you and informing you of my connection and please thank him for me the next time you happen to see him, or talk to him on the 'phone.

With very kindest personal regards,

I am,  
Fraternally yours,

Frank T. Shull, Jr.  
Special Advisor to the Loan  
Director

Procurement General



*-Proc-  
Shull*

# OUTGOING WIRE

*KVA*

DATE: May 21, 1952

TO: STANLEY MILLER  
WARRENCROFT  
*✓* THE WARREN  
RADLETT, HERTFORDSHIRE

TEXT: ENGLAND

CLASS OF SERVICE DESIRED	
NIGHT LETTER <input checked="" type="checkbox"/>	CODE <input type="checkbox"/>
DEFERRED <input type="checkbox"/>	FULL RATE <input type="checkbox"/>
TELETYPE <input type="checkbox"/>	

ARRIVING LONDON AIRPORT SATURDAY MORNING TWENTY-FOURTH BOAC FLIGHT 510

SHULL

MAY 21 3 03 PM 1952

DISPATCHED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

*Procurement Gen'l*

AUTHORIZED BY: *[Signature]*

NAME Frank T. Shull, Jr.

DEPT. Loan

For Use by Archives Division
Checked for Dispatch <i>bo</i>



May 21, 1952

Dear Stanley:

Just a note to let you know that I plan to be in Brussels about the middle of June, staying at the Hotel Metropole.

As you will note from the letterhead, I am now associated with the International Bank and have been, in fact, for the past year. For sometime now we have had considerable difficulty in securing a reliable supplier for copper cable for many of our Bank loans and some of our projects are being delayed due to lack of cable.

It occurred to me that perhaps Mr. Magniette would be in a position to accept orders from some of our borrowers. As you probably know, the Bank is very heavily involved in electrical power-producing facilities, with a resultant high requirement for practically all types of copper cable, including overhead transmission lines. If Mr. Magniette would care to entertain this type of business, we would be very pleased to recommend his firm to our borrowers.

The Bank encourages its borrowers to buy abroad in an effort to spread the business around, instead of having the United States supply everything. If, after you have contacted Mr. Magniette, you feel a trip to Antwerp would be worthwhile, I should be very pleased to make such a visit.

My present plans call for arrival in Belgium about June 13, but the Metropole will be informed of my exact arrival time.

Looking forward to seeing you and Andre very soon,

I am,  
Cordially yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

Mr. Stanislas Clement  
64 Avenue Emile Duray  
Brussels, Belgium

Procurement - Gen<sup>e</sup>



Procurement

May 21, 1952

Dr. Max Horn  
80 Commerce Street  
Brussels  
Belgium

Dear Dr. Horn:

Just a few lines to let you know that I plan to be in Belgium about the middle of June, and hope I may have the pleasure of your company at lunch or dinner during the few days that I shall be there.

Since I am known at the Metropole Hotel I plan to stay there and will keep the hotel informed of my arrival time.

Looking forward to seeing you soon,

I am,  
Sincerely yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

Procurement General



May 21, 1952

Dear Mr. Konsbruck:

I am dropping you this note to let you know that I plan to be in Luxembourg on official business for the Bank during the latter part of June.

I am looking forward to the pleasure of having a chat with you, and to personally deliver best wishes from several of your friends here in the Bank.

My plans are to leave for London on Friday and as soon as my schedule has become definite, after consultation with our representative in Paris, I will give you more specific information as to my arrival in Luxembourg.

With kindest personal regards,

I am,  
Sincerely yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

Mr. Guillaume Konsbruck  
Deputy General Manager  
ARBED  
Luxembourg

Procurement - Cont'd



*Proc. Gen.*

May 15, 1952

The Electrical Equipment Company  
(Leicester) Limited  
Export Division  
Equipment House  
London Road  
Leicester, England

*M. E. Dubois*

Dear Sirs:

Reference is made to your letter of May 6, and the attached illustrated folder, for which we thank you.

The International Bank for Reconstruction and Development does not actually make any direct purchases of equipment on behalf of its borrowers. The country to which the loan is granted purchases the equipment it needs, subject to Bank approval. It is suggested, therefore, that you establish contact with the various Legations in London, in order that you may be kept advised of possible equipment requirements.

A copy of this letter is being sent for information to Mr. Stanley H. Miller, who represents this office in Europe, and who is attached to the Bank's office at 67 rue de Lille, Paris.

Very truly yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

JLDUBOIS:jd

Mr. Stanley H. Miller, Paris Office

*Procurement - General*



*Procurement  
Res.*

# OUTGOING WIRE

DATE: May 2, 1952

TO: *✓* MILLER  
INTBAFRAD, PARIS

TEXT:

*MLA*

CLASS OF SERVICE DESIRED	
NIGHT LETTER <input checked="" type="checkbox"/>	CODE <input type="checkbox"/>
DEFERRED <input type="checkbox"/>	FULL RATE <input type="checkbox"/>
TELETYPE <input type="checkbox"/>	

*60*

ARRIVING LONDON PAN-AMERICAN FLIGHT 100 MAY 24 TO SPEND SOME  
TIME WITH YOU IN EUROPE LETTER FOLLOWS

SHULL  
INTBAFRAD

DISPATCHED  
INTERNATIONAL BANK FOR  
RECONSTR. AND DEVELL.  
MAY 2 2 15 PM 1952

*Procurement - General*

AUTHORIZED BY: *Frank T. Shull, Jr.*  
NAME Frank T. Shull, Jr.  
DEPT. Loan

For Use by Archives Division
Checked for Dispatch <i>Vb.</i>



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

# ROUTING SLIP

Date May 1, 1952

T0-	Name	Room No.
1	<del>Mr. Prudhomme</del>	<del>419</del>
2	Mr. Rucinski	420
3	<i>Files</i>	
4		

FOR-

<input type="checkbox"/>	Action	<input type="checkbox"/>	Initialing
<input type="checkbox"/>	Approval	<input type="checkbox"/>	Preparing Reply
<input type="checkbox"/>	Comment	<input type="checkbox"/>	Previous Papers
<input type="checkbox"/>	Filing	<input type="checkbox"/>	Noting and Returning
<input type="checkbox"/>	Full Report	<input type="checkbox"/>	Recommendation
<input type="checkbox"/>	Information	<input type="checkbox"/>	Signature

REMARKS

This letter has been acknowledged in quite general terms. If you have any detailed comments you wish to make on any of the points raised by Mr. Miller, will you please advise me of them?

FROM- A.S.G.Hoar



*Procurement*

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25 D. C.

TEL. BABYLONE 17-10  
CABLE ADDRESS - INTBAFRAD PARIS

21st April, 1952.

PARIS OFFICE ADDRESS  
67, RUE DE LILLE  
PARIS (7<sup>e</sup>), FRANCE

SHM/rks

Mr. A.S.G. Hoar,  
International Bank for  
Reconstruction and Development,  
1818 H Street, N.W.,  
Washington 25, D.C.,  
U. S. A.

*Adc*  
*30/IV*

Dear Mr. Hoar,

It's about three months since I wrote, and as you asked me to report anything in which I think you would be interested from time to time I considered a line or two were due.

Your letter which you obviously wrote during my stay in Washington and then in the rush of things at that time you overlooked giving me, dated November 16th, 1951, arrived at the Paris office 25.1.52., only said again what we discussed in your office, but it does lay out an agenda for my present note as follows -

Taking paragraph (1). The first note circularised by Frank Shull informing borrowers who I was and why I was here, brought a few interesting replies to Paris office. The second telling them I was there to help in hastening along equipment delayed for one reason or another was quite another thing altogether, and it all seemed to happen at once, and is going on happening now all the time.

It was a good thing that I made such good contacts in the form I made them at the commencement of my job here, and now I am on the most firm, friendly basis with those who really are necessary to us in every European embassy in London. In addition to this during my tour of Europe so far I have repeated this form so that I am equally well known, and the purpose for which I am there is made known to some of the same European countries' embassies in the country in which I am working. Viz ...

During my tour of Switzerland I called on and talked with Commercial Counsellors, Trade Commissioners, Departments of Foreign and Economic Affairs, who were all very glad to make contact with us, and offered their assistance wherever we wanted it. Exactly the same method was adopted in Holland, and I covered some of the same ground in France and Italy.

It is appreciated by all the supplying countries who are

/receiving the benefit

*Procurement General*



receiving the benefit of our business, no matter in what currency they are paid, and it is export anyway, which is what they want.

The receiving country for the equipment benefits by our assistance, but has planned its project to a time schedule, which unless rigidly maintained might be in trouble, causing financial loss in some form or other, or might even cause a request to Washington to extend the datum line of completing the taking up of the loan.

But so many European countries are, or have been, on both sides of the fence that they all quickly realise the other man's position if they themselves don't put themselves out to relieve any situation I bring before them.

So far I've met the trade associations in which we are most interested in the countries I have visited, who again with their governments' instructions, if not naturally inclined to, give me all knowledge and assistance possible. Firstly it is necessary to make them appreciate what the Bank is doing. Few, if any, including many of the government officials even of the highest level, but certainly those interested in industry, are lacking much knowledge, once having grasped the workings of the Bank as far as it goes within my particular position, which thanks to the excellent help I was given in Washington makes me in a fairly strong position to give quite a lot of answers.

There are, however, quite a number of things put forward for discussion during these meetings which I do not feel are within my province to answer, although I do know the answers, and on those occasions I consider it policy to refer them back to Mr. Hill for a reply.

This is all building up good will on which I feel capital appreciation will result in the future.

The foregoing remarks really fully answer items one and four, and go a long way in dealing with item two. The effects of the work so far in respect of items one and two are explained thus.

(a) Mr. Spottiswood, through Frank Shull, wanted full information on the supply situation to date for the South African Loan for Railway Equipment.

Rails and sleepers were being made by DAVUM, Lille, France. DAVUM refused to give me any information, saying it was the business of the contracting parties to settle these questions between them, and not through a third party. I was suspicious that it was an excuse to get out of answering a difficult delivery question, knowing all about this concern. So Monsieur Saclé, Department of Economic Affairs, Information Section, obtained the

/answer for me



answer for me in two hours on the telephone. The answer I checked up with the Shipping Department, South Africa House, London. All is going to contract.

(b) Metropolitan Vickers, through Dorman Long and Steel Company of Wales, similarly refused information. The High Commissioner for South Africa, coupled with Mr. H.J. Grey, Board of Trade, soon had their reply for me, and information received has been checked with the South African Shipping Department.

(c) Krupp, locomotives, information obtained from Commercial Counsellor, German Consulate, London. Similarly Henschel, locomotives.

(d) Metropolitan Vickers, electric shunting engines, sub-contracted to a Dutch firm. The engines are being delivered two months ahead of schedule. The South African Railways are delighted. The Dutch are pleased to know they have another order through the Bank, which they did not know until I told them.

(e) Locomotive tenders being supplied by Anglo-Franco-Belge. These people are doing all they can not to answer either my request or a similar request from South Africa House. Typically Belgian, but I have a Technical Committee man from O.E.F.C., waiting to take the matter up the moment I want him. Deliveries are not expected yet, anyway there is plenty of time. There are several components being made in England. Investigation of these is well in hand.

The case of Bankok, 25 ton and 2 - 10 ton cranes being made by Cardiff Ltd., England, materials supplied by William Jones, Ltd., who are short of many items of special steel, ball bearings etc. The Steel Board and other departments of the Ministry of Supply provided all these within one week after my approach, excepting bridge rails, for which the order on Dorman Long was not sufficient to lay down special rolls. I enquired who else made cranes using this section of rail, and on learning who, persuaded William Jones and three other firms to order materials now, although they would n't want them till next year, to make the order sufficiently attractive to lay down rolls. Now delivery for these items must be better. The datum line for despatch of the cranes for which shipping space is booked is ten weeks. A friendly note to Dorman Long's Managing Director has now settled the matter satisfactorily.

Iceland. 2 cranes, ordered from German in August 1951 for delivery in April 1952. The firm now writes that delivery dates cannot be kept, and the price is likely to be increased. Firstly Iceland should never have expected or trusted such a delivery, and Germany should never have given it. It is another example of many coming forward all over Europe, of Germans grasping orders all over

/the world on



the world on delivery promises and prices which they never had any intention of keeping. So the Commercial Counsellor of the German Consulate in London is jumping hard on the industrial bad behaviour of this firm. The Technical Committee man, O.E.E.C., for Germany, is jumping equally hard on the productivity let down.

Exactly similar treatment is being dealt out to the firm who promised Iceland a power house lift, delivery February 1952, of which there are no signs, or even hopes. The same two gentlemen are doing their stuff for us.

Electric permanent magnet generators, placed with Société Bonniere, Lyons, who don't even reply to letters; Saclé cannot make any impression, and maybe I shall have to carry out Iceland's request to find availability elsewhere. If I do, I have Holland, Denmark, Switzerland, and Italy all ready to quote and deliver to specification when required. I have notified Iceland of the firms who can supply quickly.

Rhodesia is perhaps the most outstanding case where real emergency help was needed for 3000 tons of fabricated constructional steel, which is required at once - quite a lot. Dorman, Long, South Africa, were to deliver this in February, at least 1200 tons of it, but the steel from Dorman, Long, England, had not arrived due to recent export restrictions. Rhodesia approached the Treasury for the equivalent amount in dollars, got the dollars, and applied to U.S.A. They were refused. During this time equipment for the power house began to arrive - and there is no power house. Then Rhodesia received the Procurement Circular letter about the Paris office, and the help they might get. I went to see them at Rhodesia House, London, obtained details, and got to work on my European contacts made so far. The situation was greatly helped by the availability of dollars. This was on a Thursday. By Monday morning I had one German, one Dutch, and two Italian constructional engineering firms all with the materials in stock who could fabricate the immediate requirements, 1200 tons, and ship in four weeks. At the same time Babcock and Wilcox, England, through their subsidiary Breda in Italy would let me have the steel to give to Bossi to fabricate.

This information handed over to Rhodesia relieved the situation. So it shows how the weight of the Bank in Europe is helping industry through arranging to have a two-way interchangeable system of help needed, and help offered, and further what they will do to please and keep on the right side of the Bank, knowing our policy is long-term peace time work as against Defence Order contracts.

The loan to the Netherlands; this is being handled by Mr. Posthumas of the Netherlands board of reconstruction. Mr. Posthumas called to see me at the instigation of Dr. Soutendijk

/of the Dutch Embassy



of the Dutch Embassy, Washington. Unfortunately that was one of the days I was out with Frank. However, I called on him in The Hague, and he wanted to see if I could help him with some Swiss machinery.

It appeared that the order they had placed for textile machinery could not be delivered till July 1954. The disbursement date for the loan is December 1953. Could I bring the delivery date forward? With the help of Dr. Hummler, the Secretary of the Swiss Manufacturers' Association, the delivery date is now July 1953.

Similarly, Dr. Posthumus needed a Swiss gear cutting machine for a special factory production, delivery date promised November 1953. It is now December 1952. The Swiss are very helpful.

The Finns are in trouble with the German manufacturers. In fact everyone is in trouble now with German manufacturers, deliveries, and prices. Boilers for woodworking and pulping plant are wanted by August this year to replace old ones. These boilers must be installed and working during certain months between pulp production programmes, and to coincide with the weather conditions. After August it is too late. Orders were placed conditional on deliveries and price maintenance. Both appeared to be broken till the Commercial Counsellor in London in the consulate took the matter up, and we will know the answer in a day or two.

The Turks. The subject of much quite unnecessary bother between the Paris office and yourself - and even now they have got hold of the wrong end of the stick.

They wrote, in spite of everything, to ask me to obtain priorities for them on steel supplies so that they could place orders now, in Germany, for pile drivers to start work on their port in five months. Quite, quite hopeless. They also wanted rail cars, tugboats, a dredger, Diesel generators, etc., etc.

I could foresee trouble in about a year's time. Pile drivers are a Dutch or Danish commodity. Deliveries for new ones could not be made in three months production and two months to deliver to Turkey with all the luck in the world. We can't help them get materials on priorities. The German firms, following general misunderstandings, expect we can. Turkey hope we can. So I found out where they could buy everything in the quickest time at the best prices, and arranged a meeting with their special delegation to O.E.E.C., and explained the whole thing again, and they have written to the Turkish Docks and Harbour Board.

From my records compiled so far I had everything in the way of information in the Paris office, but during discussions it has

/been found that



- 6 -

been found that unless great care is observed, particularly when giving advice, our position of impartiality as to where borrowers place orders might be questioned.

It was, therefore, decided in places where efficient government information services are available to use them, coupled with dealing with the trade associations. Holland, Denmark, Switzerland, and Italy, have really first class information services within the departments of economic affairs. They have, too, tight, efficient trade associations, and between the two our borrowers will get excellent service.

We had no knowledge from where the Turks had obtained their bids. The only thing we did know was that they appeared to favour Germany, and service from Germany now in such things as they wanted to purchase is definitely questionable. We could not write this without causing trouble, so at the meeting I gave them some of our experiences, and suggested that some penalty clause should be put into the contract.

Regarding the pile drives, I have found some in Holland they could hire, or some others, reconditioned, which they can buy - if they ask me to find them. Similarly, re dredger. Holland is the home of this equipment. The Diesel generator can be provided in Italy, rail cars in France. So when they come back to me, if they are not satisfied with the arrangements they have made, we can give them alternatives.

The thermal generating plant for Berretta you already know all about.

\* \* \* \* \*

At a recent meeting with Sir George Bailey and Mr. Perry of Metropolitan Vickers it appears Metro-Vick some time ago put up a proposition to Lebanon for a generating plant. The Lebanese could not find the money at the time. The whole scheme cost M.V. a lot of money to put up as an estimate.

At a later stage the Lebanese presented M.V.'s scheme complete to America, and one of the American finance agencies, Marshall Aid,

/E.C.A., Export Import



E.C.A., Export Import Bank - I'm not quite sure which, but I believe the latter - have found a way to do it.

Now the Lebanese are worried about the repayment of dollars, and they have come back to M.V. to see if they would finance it for them. As Mr. Perry said, as they had to borrow the money to pay the dividend this year, there was not much chance of that. Would I meet the Lebanese? I said it was not exactly my job, and if I did my answer would be to approach the Bank, either in Paris or Washington, where there were people who would go into the whole thing I'm sure with pleasure.

I did not know if we had ever had contact with them, and what the outcome was, but Metro-Vick are very solid, and any scheme they put forward of this size would be a first class investment, no matter who financed it. So you will probably hear something about this from Mr. Hill in due course.

South Africa. The Electricity Supply Commission have also been to Metro-Vick on exactly similar questions. I know Mr. Jacobs, the Chairman of Escom, very well. They have been to England asking if M.V. could finance some generating plant over four years. Their original 20-Year programme has had to be shortened considerably due to demand on the one hand, and necessary replacement of out of date plant on the other.

I learn from English Electric, B.T.H., and M.V., that Mr. Spottiswood is on his way round from Jamaica to Johannesburg. Maybe this is in connection with this scheme. Escom is one of the soundest concerns ever, and I should say a first class investment.

During my meetings with Metro-Vick I was told of a new subsidiary they had formed to handle complete electrical generating projects.

Up to date a country considering such an installation had all the estimates to consider from each firm or firms, many and varied prices of plant, accessories, transmission lines, etc., etc., etc. By the time it took them to make up their minds situations on delivery had changed while they were doing so, and many other troubles developed. Now this new set-up includes the whole of the Associated Electrical Industries Ltd., Babcock and Wilcox, International Combustion, two cable companies, and will include two or three firms of civil engineers.

They will then between them put up a complete scheme, either at a country's request, or on their own account.

Anything then they put up would be a gilt-edged scheme, which could bear any investigation technically, and at a price which

/would be competitive.



would be competitive.

What they ask, is what would be the Bank's attitude in the event of this combine producing such a scheme for a country, or on their own to be sold to the country, if that country had not the money to pay, but would like the scheme installed.

Would the scheme drawn up by M.V. be accepted by the Bank as gilt-edged technically? If so, the expenses incurred by investigating the scheme on the site would be eliminated. Would the Bank be prepared to accept the scheme for finance so long as they were satisfied with the country's financial position, coupled with the assured earning capacity of the scheme? What would the Bank's attitude be to accepting the scheme, all other things being equal, in view of their principle of international bidding?

To have such a system running on long term business would in fact be selling the Bank's facilities to assist first class schemes. Is there anything against this?

Firstly, to be thoroughly acquainted with how such a scheme is already working technically I would call your attention to a volume produced for me by the Italian concern Techint. Frank Shull has my original copy. They have since published a hundred copies and everywhere it is considered a classic of its kind. Secondly I believe basically such a scheme was the subject of a discussion you had with our mutual friend Sir Andrew MacTaggart during his last visit to Washington, of whose similar suggestions you did not disapprove.

I believe there is much to be said for a work up on these lines with such excellent firms behind us.

Concerning M.S.A., Mr. Hill was keen that we should meet firstly Mr. Burgess at the headquarters in Paris, which I did. He was very helpful, but he was grateful to have capacity which I had been offered, but could not use, given to him.

We felt in view of the fact that M.S.A. were going round filling up or reserving capacity everywhere that it would be a good idea to meet and get friendly, to which Burgess fully agreed, on the assumption that we were working at the moment on parallel lines, but one day those lines might bend a bit, and we would clash. Better to clash on friendly terms than otherwise. This they appreciate everywhere, hence our Italian contact with them.

So far their requirement is for high precision mass production, or large numbers of armament or transport, etc.

Ours is for single unit special purpose, and our firms with

/certain exceptions



certain exceptions will not be caught up in the M.S.A. net for some time to come, and by then maybe we shall have absorbed much of their capacity. They would rather work for long term peace time business than rush up to a peak on defence work to be let down, we hope just as quickly.

There is plenty of available capacity in Europe for what borrowers are likely to need, with international alternatives from which to obtain bids, and carefully chosen from data now in Paris, and much more to come, a selection can be made from which anything can be produced as quickly as it takes to make it from a delivery standpoint, at a price which can be reasonable and competitive.

I have for many reasons arranged my work to date to enable me to cover Europe gradually, and my visits to Holland, Switzerland, and Italy sandwiched between work in France and the Paris office, and in England, gives me now everything which I want to know about these, at the moment the principle countries who can take work. (My next visit is to Denmark.) All these trips are the subject of separate reports in course of preparation for Frank. What has come out of them, however, in matters not directly concerning my own work, is the interest created by the likely development of inter-country business. One country cannot always make everything, and must rely on another for what it has to buy out, and if our business can develop in Europe it has been said in high circles that we could go a long way to binding Europe together industrially, which must help practically. Further, as is said among the Departments of Economic Affairs, and also in our English Board of Trade (Mr. Henry Hopkins and his P.A. Mr. H.J.Grey) if a country sees it is going to benefit by having orders placed with it through the I.B.R.D's finance any difficulties regarding 18% or loaning that country's currency should be greatly relieved.

p.2 ( It is only natural that I should be involved in all sorts of conversations regarding the Bank's business while I have been discovering what I want to know myself, and thanks to the excellent help and knowledge placed at my disposal during my stay in Washington I find I can satisfy most of it, but where I feel I am going too far outside my own province I refer it to Mr. Hill, or advise those interested to refer it to Washington.

For instance New Zealand came into the talks with Sir George Nelson and his son while at English Electric, Sir George has a tight, exclusive contract to provide all forms of electric traction to New Zealand, but business is at a standstill due to the lack of the right type of finance in the right place. How could the Bank help? I said in view of Mr. Black's tour of that area maybe we should learn something on his return. New Zealand were as yet not members of the Bank, and therefore I could not advise anything.

Although I have collected some really wonderful data from all

/Europe and particularly



Europe and particularly from those countries which I have visited so far, it has taken a little longer to get as far as I have for two reasons. Firstly, the many, and in some cases very difficult, problems I have had to investigate and settle for South Africa, Thailand, Iceland, Rhodesia, Turkey, Finland, etc. Information required by and supplied for Mr. Gray Marshall and Mr. Spottiswood, the trouble in dealing with the very haughty firms in Germany and Belgium has taken time. Every one, I'm pleased to say, is completely up to date.

\* \* \* \* \*

I hope by the rather long foregoing story you will gain some idea of what I have been doing. While it has meant a tremendous amount of travelling, interviewing, telephoning, writing and hours of work under quite a lot of pressure to get things done and finished with, because each situation if allowed to drift for a minute loses its sense of urgency on which I work to get a result, which I do get and quickly, I've enjoyed every minute of it. But it is increasing, and how much more I can do personally and maintain the efficiency demanded is questionable.

What extent of importance you place on this European experiment I don't know, but I can tell you that those countries where we can work at the moment will give the Bank's borrowers excellent service, and this on both sides will build up good will which I feel will make capital gains in the future for ourselves.

The first approach to the European embassies in London was the best move ever.

There is no doubt that the best diplomatic staffs are in London and Washington, and the work so willingly done, and the help offered by Commercial Counsellors, Commercial Attaches and other ministers directly interested in their country's welfare has its effect. The arrangements they have made and are making for my

/visits puts our work



visits puts our work on the highest level in any country. Meetings are arranged and transport provided enabling the maximum to be done in the shortest time with a minimum of expense, realising that it is their country who will ultimately benefit. That is all further publicity and good will for us again.

\* \* \* \* \*

I hope you are well. My kindest regards to Mrs. Hoar and the family,

Sincerely yours,

/s/ Stanley Miller

S. H. Miller



Copy for Mr. A.S.G. Hoar

Office of the High Commissioner for Southern Rhodesia

Rhodesia House,

429 Strand,

London, W.C.2.

20th March, 1952.

Dear Mr. Miller,

Many thanks for your letter of March 12th and also your very prompt reply in coming to our assistance. Your response is very much appreciated and I note that we can get in touch with you again should we be in need of help regarding our power project.

Yours sincerely,

(Signed) J.B. Ross

S. Miller, Esq.,  
Special Adviser on Procurement in Europe,  
International Bank for Reconstruction and Development,  
67 Rue de Lille,  
Paris (7<sup>e</sup>), France.



Copy to Mr. A.S.G. Horn

Office of the High Commissioner for Southern Rhodesia

Rhodesia House,

430 Strand,

London, W.C.2.

20th Nov. 1952.

Dear Mr. Miller,

I have been very glad to receive your letter of March 1952 and also your very prompt reply in coming to our assistance. Your response is very much appreciated and I note that we can get in touch with you again should we be in need of help regarding our power project.

Yours sincerely,

(Signed) J.B. Ross

J. Miller, Esq.,  
Special Adviser on Procurement in Europe,  
International Bank for Reconstruction and Development,  
87 Rue de Lille,  
Paris (7e), France.

APR 24 9 52 AM 1952

RECEIVED  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT



*Semi-Official*

?

(+)

April 15, 1952

My dear Miller:

I must apologize for having left your letter of January 9 unanswered for so long. This, I hope I need not assure you, was not from indifference, but because very great pressure of other work forced it into the background.

Now, as so often happens, I find that a lot of water has gone under the dam in the meantime and direct comment on the various topics you discuss would not be particularly appropriate. I would, however, like to say that I found your letter interesting and informative and just the kind of confirmation I expected to have that you were setting about your job in a workmanlike way. I keep my finger on the pulse of your general exchanges with Frank Shull and so you may rely upon my keeping generally informed of what is happening in your sector.

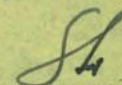
The other day I was interested to have your two letters about the Boretto project and asked Hector Prud'homme to look into it. I now find that he has answered you direct, which was perhaps the best way to deal with it. I am in entire agreement with what he has said.

I hope you feel adequately informed <sup>of</sup> what is going on here. If you feel anything lacking, or have any points you would like to raise with me direct, please do not hesitate to write.

In case you have not seen it, I am sending you herewith the full text of the Bank's release on Iran. I think you will find it just about what you would expect it to be but, perhaps, interesting in its detail.

With kindest regards.

Yours sincerely,



A. S. G. Hoar  
Loan Director

Enclosure (*sent Apr. 16 with memo note*)

Mr. Stanley H. Miller  
International Bank for  
Reconstruction and Development  
67 Rue de Lille  
Paris (7<sup>e</sup>) France

ASGHoar/jcd



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON, D. C.

PROCUREMENT AND PRIORITIES MEMORANDUM NO. 10

April 10, 1953

To all Borrowers from IBRD:

Subject: Bank Assistance on European Procurement

Mr. Stanley H. Miller, whose appointment as special procurement representative in Europe was announced in our Procurement and Priorities Memorandum No. 7 of November 30, 1951, and whose work was further described in our Procurement and Priorities Memorandum No. 9 of February 20, 1952, concluded his services with the Bank on March 25, 1953.

The duties previously performed by Mr. Miller will hereafter be handled by the Bank's Paris office. Future inquiries from borrowers concerning delivery schedules, etc., of European manufacturers, should be addressed to Mr. Walter Hill, the Bank's Special Representative in Europe at 67 rue de Lille, Paris, France.

Milton C. Cross  
Director  
Department of Technical Operations



Procurement

No. 162

March 17, 1952

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 Rue de Lille  
Paris 7<sup>e</sup>, France

Dear Stanley:

I now have quite a few <sup>Shull</sup> subjects to discuss with you in connection with your letter of February 14, and other correspondence.

1. No doubt by the time you receive this letter you will have been in touch with Sir Andrew and learned the details of his trip to the States, so anything I might add would be superfluous. We certainly enjoyed having him back here and I cannot tell you how much fun I had when he, Barry Shlenk and I went on a four-day trip to the Middle West to visit the Euclid Road Machinery Company, the Marion Power Shovel Company and the J.D. Adams Company in Indianapolis. I think the highlight in Sir Andrew's trip was the sight of a 50 cubic yard Marion electric shovel working on a strip mining operation in the coalfields of eastern Ohio. That particular shovel is the largest in the world and it is certainly a sight to see. We did a lot of behind-the-scenes work with him during his visit and I think that he left here feeling pretty happy about his success in securing at least 15 and probably 25 Caterpillar tractors, without priority, in addition to 4 HD-20 Allis-Chalmers tractors which he will use with his two Euclid loaders.

Bernard Sunley is still in South America and plans, I believe, to return here the latter part of this month.

2. Rails for South African Railways It would appear from the information you have sent us that the South African Railways have little to worry about with respect to the delivery of the various equipment which they have placed on order. We received a few days ago a copy of a letter which apparently had been sent to you from Metropolitan Vickers, indicating that the first locomotive would be delivered at the end of May 1952 and that the other nine would go forward at intervals of 1½ weeks until the order for the ten locomotives was completed.

3. I note with interest your proposed visit to Denmark and Holland and look forward to hearing from you about your trips to these countries, as well as your visit to Italy and Techint.

4. These are just some notes on the supply picture here in the United States.

Large generating units cannot be delivered before the 4th Quarter of 1954. The pinch seems to be particularly severe when it comes to steam driven units but is less severe on hydro and diesel driven units. As you probably know, there are very few places left in the United States where large hydro installations could be made, so practically all the big power

Procurement Rev. 6



plants being constructed now for the expansion of the American power industry are in the high pressure hydrogen cooled steam driven unit class. Boilers are now being designed for pressures up to 2,000 p.s.i. This accounts for hydro units being easier to secure than steam.

Tractors are still a considerable headache to us but so far we have been able to work our way out of difficulties, so that at this particular moment none of the Bank's projects have slipped to any appreciable extent because of lack of tractor equipment. In Sir Andrew's case, it was probably through our efforts and those of others interested in this project that he has been able to secure the tractors he needs to carry out his project in Iraq. In the case of the Colombian Road program which required 60 large tractors, all but 14 have been shipped to Colombia without the necessity of asking the Government for priority ratings.

We were advised the other day by the Construction Machinery Division of NPA that additional steel had been allocated to it for the 2nd Quarter, with sufficient copper and aluminum to make the most effective use of the steel.

There is a general softening here on several types of steel, particularly sheets both hot and cold rolled, and reinforcing bars. I think the days are gone forever when European steel manufacturers will be able to sell steel in the world markets at almost any price.

For your information, 50,000 tons of Iowa type barbed wire is being offered by the Germans here in the U.S. for shipment anywhere in the world at prices practically the same as those quoted by our larger mills. This is quite in contrast to the picture a year ago, when the Belgians and Germans used to quote me prices of \$320 to \$350 per ton without batting an eye!

Structural steel and plates may continue to be tight up until the 4th Quarter, depending upon the rate of placement of military orders. It would appear that we now have plenty of butter but no guns!

It is difficult to say at this time whether the softening in the steel industry is a permanent thing, or whether it is only a temporary phase. Military orders have not been placed as rapidly as expected and the aircraft program has been cut back considerably, making additional aluminum and copper available for civilian use.

One thing that we have to keep constantly in our minds is that the U.S. is able to produce almost everything in such vast quantities that only a slight falling off in the domestic demand makes considerable quantities of materials available for shipment into the world's markets. What I mean by this is that tractors which are in short supply today may be a drug on the market six months from now.

All earth moving equipment seems to be available with not too much delay and I don't anticipate any trouble in securing such items as shovels, scrapers, rollers, trucks and small tractors. Draglines 2½ yds. and larger are still quite difficult to secure but should the Military decide to cut back its program only slightly, this picture could change very rapidly.



5. New IBRD Loans We have recently added a number of names of new borrowers to our distribution lists for procurement and priorities memoranda and have sent them the back numbers which are still applicable with a routine covering letter. In the case of the Belgian Congo and Italian loans, however, which are being disbursed in a special manner, Mr. Fajans wrote the covering letters, copies of which are attached, for your information.

6. With regard to your suggestion of now putting into quick reference form the data you have been collecting, I agree with you that it should be a loose-leaf volume, which could be typed in duplicate to reduce work. The index, which will of course be the key to the success of the system, should, I think, be broken down first under broad headings, e.g. earth moving equipment, agricultural machinery, power equipment, insecticides, etc., and then in greater detail. If a satisfactory page numbering system could be worked out, it would greatly facilitate subsequent additions and/or alterations in, say, delivery schedules, etc., though I appreciate that this is somewhat difficult to do. I think that the filing of the information in "country" sections is acceptable as long as it does not make for complicated cross-referencing.

When this volume is worked out and operating, I am sure that it will be very useful to both of us.

7. The Turkish Embassy here recently received a cable from the Ministry of Public Works in Ankara which stated that German firms who had been invited to bid on equipment had been informed by the "Paris Bureau" of the Bank that they could not avail themselves of the Bank's facilities and assistance in connection with equipment and material requiring priority rating, as Germany is not a member of the Bank. The Embassy raised this point with our Department and were informed that it is the Bank's policy to assist its borrowers to obtain equipment and materials to carry out their projects irrespective of the supplying country, and that you had, in fact, already established contact with Germany as well as other European countries, toward that end.

8. I am quoting a memorandum received from Mr. Gray Marshall, of our End-Use section, and should appreciate it if you would investigate:

"During the past few months we have heard conflicting stories from reliable sources on the possibility of obtaining steel products from France. Some say that government restrictions prohibit the export of certain steel products such as rails and steel shapes.

"Presently UTE of Uruguay are completing arrangements to purchase a steam power plant from Europe with the building steel to come from France. They are also in the process of possibly buying a steel transmission line from France.

"As these are very important projects which are presently way behind schedule as far as the placing of orders is concerned, the question as to whether there are restrictions on the export of steel shapes from France is very important. ...."



Would you please check this point very thoroughly and as soon as possible, and cable your findings direct to Mr. Marshall c/o. Hotel Nogaro, Montevideo, Uruguay, sending me a copy of your cable through the mail. Mr. Marshall will arrive in Montevideo on April 1 and it would be helpful if the information could be there by that date.

9. I am attaching correspondence received from Kampmann, Kierulff & Saxild, Copenhagen. Although I notice that these are carbon copies, there was a request to forward on the envelope which was addressed to you here.

I think that this just about covers all outstanding points.

With kind regards,

Sincerely yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

Enclosures:



No. 152

March 10, 1952

Mr. Stanley H. Miller  
International Bank for Reconstruction  
and Development  
67 Rue de Lille  
Paris, France

Dear Stanley:

Mr. L. Gray Marshall of our End-Use Section, has requested that you investigate the delivery of boilers from the U.K., particularly deliveries from Babcocks & Wilcox.

In order that you may have all details, I am enclosing a copy of Gray's memorandum requesting that you investigate this matter.

I should be grateful if you would check this situation as soon as possible and inform this office of your findings.

With best regards,

Sincerely yours,

John L. DuBois  
Loan Department

Enclosure: 1

JLDUBOIS:jd

cc: Mr. L. Gray Marshall

*Procurement - General*



*Mr. Hoar*  
Copy No. Procurement  
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# STAFF LOAN COMMITTEE

(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)

**DECLASSIFIED**

**AUG 02 2016**

**WBG ARCHIVES**

## MEMORANDUM TO THE STAFF LOAN COMMITTEE

The attached memorandum to borrowers from IERD on the subject of "Bank Assistance on European Procurement" dated February 20, 1952, is distributed to the Committee for information. It is not proposed to schedule a meeting to discuss this memorandum.

**George Gondicas**

George Gondicas  
Secretary

February 25, 1952

*Procurement - General*



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D. C.

PROCUREMENT AND PRIORITIES MEMORANDUM NO. 9

February 20, 1952

To All Borrowers from IBRD:

Subject: Bank Assistance on European Procurement

Procurement and Priorities Memorandum No. 7 of November 30, 1951, announced the appointment of Mr. Stanley Miller to the Bank staff, with headquarters in our Paris office at 67 Rue de Lille, Paris, France.

Since Mr. Miller's appointment he has been accumulating information with respect to availability, delivery schedules, prices, etc., covering a wide range of materials and equipment. Mr. Miller is now in a position to assist you in the following ways:

- (1) By securing quotations, delivery schedules, and other pertinent information on your requirements;
- (2) By following up your existing orders with European manufacturers and expediting delivery where delays exist or appear probable. Mr. Miller has established excellent connections with the various Ministries of Supply and has been assured of their assistance, when required, to place orders or expedite shipments.

Now that Mr. Miller has had an opportunity to become familiar with the European supply situation, we hope that the Bank's borrowers will avail themselves of his services and ability to secure current information on procurement problems.

We suggest that you write or contact Mr. Miller direct.

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director



February 15, 1952

Mr. V. Manuel Valdes  
C/o. Mr. Basil J. Rusovich, Jr.  
Transcontinental Import and  
Export Company  
507 Pan American Building  
New Orleans, La.

Dear Mr. Valdes:

I am enclosing herewith a copy of your letter and two copies of the memorandum which we have submitted today to the Office of International Trade.

As soon as action has been taken by the National Production Authority's Foreign Facilities Committee, I will notify you.

Sincerely yours,

John L. DuBois  
Loan Department

Enclosures

*Procurement - General*

JLDUBOIS:jd



# OFFICE MEMORANDUM

TO: Mr. R. A. Wheeler

DATE: February 11, 1952

FROM: F. T. Skull, Jr. *FTS*

SUBJECT: 46 Steam Engines

Mr. C. A. Simpson of the Transportation Division, Munitions Board, called to inform me that he had the above engines built by Baldwin Locomotive Works, which could be purchased for approximately \$20,000 each. These engines are brand new, were built for the Russians, and will burn almost anything.

Following are the specifications for these engines:

Wheel arrangement: 2-10-0

52" wheel centers

Boiler Pressure: 180 pounds per square inch

18'8" rigid wheel base

Cylinder size 25" x 28"

Gauge 60"

Manufactured in 1943

Mr. Simpson indicated that these locomotives could be purchased for about \$20,000 a piece. Mr. Simpson thought that there might be a possibility that one of the Bank's borrowers would be interested in some of these locomotives. Since I am not familiar with the different gauges used by the various countries throughout the world I am passing this information along to you.

Should you find any country interested in these engines they may contact Mr. Simpson at Liberty 5-6700, extension 7-4160 or 7-3823.

*Mr. Saitzoff*

*His comment on possibility their use in India.*

*RTW  
12 Feb*

*U.S. Govt has purchased these  
per Mr. Saitzoff 2/15/52*

*Procurement - General*



*Procurement*

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25 D. C.

TEL. BABYLONE 17-10  
CABLE ADDRESS: INTBAFRAD PARIS

9th January, 1952.

PARIS OFFICE ADDRESS  
67, RUE DE LILLE  
PARIS (7<sup>e</sup>), FRANCE

SHM/rks

Mr. A.S.G. Hoar,  
International Bank for  
Reconstruction and Development,  
1818 H Street, N.W.,  
Washington 25, D.C.,  
U. S. A.

*Ans*  
*15/12*  
*- copy of letter retained in AS Hoar's files.*

Dear Mr. Hoar,

I thought, apart from what I have been writing to Frank Shull from time to time, a few lines on the progress to date would interest you.

During the month since I arrived back I unofficially investigated the possibilities of working the method I proposed adopting to obtain the information on supplies and availability of equipment for our borrowers. I wanted to obtain this in the shortest possible time and with minimum travelling and other expenses.

The difficulty was that I had nothing specific which was required on existing loans that I knew was available in Europe. I went, therefore, for a general list of everything I had heard discussed during my tour round the various departments in the Bank.

This when well typed out under various industries etc., looked a most impressive piece of paper: the main items applied to special complete projects, timber to pulp, pulp to paper, coal, electrical supply, beet sugar, agricultural machinery. Then followed the subsidiary items and special components, and breakdown of the main project spread our requirements over a very wide field of industry.

To have covered this personally would have taken months, and the cost would have been out of all proportion to the results which could have been obtained in these days of shortages and difficulties everywhere. Consequently it was Mr. Anderson's idea that I should try to combine two jobs. Firstly to create good will between the countries' governments and the Bank so that we could call on the respective supply department to bring pressure on a particular industry or firm in that country when we needed their help on a specific loan demand; and secondly to find which of our requirements were manufactured in each European country, who made them, and their delivery position.



*Procurement - General*



From this information a complete record can be made so that any borrower can have (1) the names of firms who make their particular requirement in every country from whom to obtain a competitive bid. (2) As certain countries specialize in certain products and the machinery to produce them, who these specialists are.

I decided after conversations with some friends in several European embassies in London to make this a top level job, and combine both requirements into one approach, and just to see how this worked it would have done you good to be at those discussions.

We started to work on convenient days when the Commercial Counsellor, Trade Commissioner or Attaché of each embassy or legation together with the chief of economic affairs could arrange a meeting where plenty of time was available.

I explained the present difficulties in America on supplies, compelling trade to come to Europe, and the likely currency difficulties of our future borrowers. I went over my list item by item and gave them some of the details and results of past and present loans. I also explained that long term trade was quite possible, and there was no need from that moment to stress the "good will" effort at all. The boot was entirely on the other foot. What did I want from them to enable their country to have the chance, as the Belgian put it, of picking up a wedge of the cake we had to offer and to compete for our borrowers' business?

They saw that if once they could get in on a project continuity on spares, maintenance, and expansion must follow, and that will mean business for the future when, as everyone sees, things will not be so good as they are now.

They all, therefore, have agreed to obtain from their countries' government departments, trade associations and main producers, all details requested, and this is being done. They will give me the individual's names, departments and addresses of those who have drawn up the details, which will give me thereafter a point in that country for future contact.

A whole lot of the information I am seeking could have been obtained through the various supply record departments of O.E.E.C. in Paris, the heads of these departments I know, or know of, and they were the people Mr. Anderson saw during his European tour.

Had I taken this easier course I should have failed in my ultimate aim because the information would not have been complete, I would have lost the value of the personal contact angle, and the spreading of Bank good will effort, and I would not have had on my records the names of government and industrial association personnel so necessary for the future.

By the time I have these reports I hope to have details from Frank Shull of the borrowers' requirements. I shall then, as required, do a tour of the countries' government departments, make



contact with the names I have collected and see trade associations, so that at a later stage I can direct the borrowers buying mission where to go for their requirements.

A whole lot of useful data has come out of these discussions which I hope will relieve a number of present obstacles to progress on existing loans. These details I am sending to Frank.

The reports after the first meetings at the embassies from their governments definitely showed more than ordinary interest, particularly from the economic affairs angle.

During this period I have also consulted a number of friends who are consulting engineers on very big projects, and who know the present and future position on equipment and materials required for all sorts of things which are and might be the Bank's requirements.

It was quite surprising to learn how little those in the embassies knew of the Bank's operations in industry, but once they grasped it the effect was very satisfying to me.

The only country which is really full up in most things is Sweden. The Swiss don't want any soft currency business if they can help it, but they overcome this difficulty in some cases through their firms' factories in Germany. The U.K. has been well discussed through the usual channels, and there is a lot of space for special plant still available, these firms are not equipped to take W.D. work until all other sources are absorbed. Materials could be available to these firms for our purposes.

I am seeing the President of the Board of Trade when he returns; I want the same from him as I shall get from the others. It will be interesting to see how he will react. I know how he should, knowing the inside story from both sides of the fence.

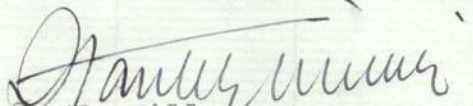
Now I want some specific projects to work on.

I have been so very interested in the Bank's activities with the Persian oil problem. I've known all the chiefs of the Company for many years, and have read reports on the various situations as they have arisen from time to time over the last five years. It would be fine if we could settle it.

I shall be writing you from time to time. I should in turn be glad to know, when some results can be shown, how you view the way I have handled it, and if you consider that any modifications are necessary.

There is only one thing more. It's a pity there is not another line of discussion ready when I meet these people in about ten to fourteen days, when they will have their reports. If we had anything else to sell I've got them in the right mood to do anything.

Sincerely yours,

  
S. H. Miller.



January 2, 1952

Miss Mary Currias  
c/o High Commissioner's Office  
Bonn, Germany

Dear Mary:

Just a few lines to wish you a happy and prosperous New Year and to again thank you for the many nice things you did for me when I was in Germany.

As you probably know, the Bank is encouraging its borrowers to purchase outside of the United States, particularly those items which are difficult to secure here during this period of critical shortages. Since Germany is particularly anxious to export for dollars, it is highly probable that many of our borrowers will be able to secure various materials and equipment there instead of the U. S. market.

The Bank has recently engaged the services of Mr. Stanley H. Miller to represent the Bank in Europe on supply problems. Mr. Miller is working out of our Paris Office and I have taken the liberty of asking him to call on you for information which, if you are not able to supply yourself, I am sure you will be able to supply the proper source thereof. Any information which you can furnish to Mr. Miller, particularly with respect to various studies made by your office with respect to manufacturing facilities will be deeply appreciated.

I see Ethel quite often in "her" Bank, so I keep track of your comings and goings. Please be sure to give me a ring the next time you return to the States and I will take you out and give you that lunch I tried to arrange the last time you were here.

Thanking you in advance for any courtesies you may extend and any assistance you may render to Mr. Miller, I am as always,

Cordially yours,

Frank T. Skull, Jr.  
Acting Special Advisor to the  
Loan Director

cc: Mr. Stanley H. Miller  
Paris Office

FTSkulljr:jf

*Procurement - General*



Proc.

January 2, 1952

Britalain Steel Construction Co.  
16 Ogle Street  
London W1, ENGLAND

Gentlemen:

This will acknowledge receipt of your letter of December 14, attached to which were several copies listing various products you are able to supply. We appreciate receiving this information and assure you that when any of our borrowers require products which you can furnish we shall be more than pleased to pass your name along to them.

We suggest that you keep in touch with our Mr. Stanley Miller who is attached to our Paris Office at 67 Rue de Lille, as we will be in constant contact with him regarding the possibility of our borrowers purchasing in the European market.

Very truly yours,

Frank T. Shall, Jr.  
Acting Special Advisor to the  
Loan Director

cc: Mr. Stanley H. Miller

FTShalljr:jf

*Contractors' Offers of \$*



Proc.

P.1

January 2, 1952

Mr. Stanley H. Miller  
Special Adviser on Procurement in Europe  
International Bank for Reconstruction  
and Development  
67 Rue de Lille  
Paris (7<sup>e</sup>), France

Dear Stanley:

No doubt by this time you are wondering what has been happening here in Washington, since there has been very little correspondence going to you.

With respect to the letters which Sam Anderson was going to write for you, I can only tell you that I have tried several times to make arrangements with him to come over some evening and spend an hour dictating them, but so far I haven't been successful. It seems that Sam has been out of town several times and just hasn't been able to arrange to get over here to do what I am sure he wants to do.

With respect to the letters which I told you I would write for you, I have dictated them and copies will be sent to you in a day or two. We have been receiving considerable literature from various companies which you have contacted and I am quite impressed with the number of products which the Britalian Steel Construction Company appears to be able to produce. Many of the items on the list which they attached to their letter of December 14, copy of which is enclosed, are very difficult to secure here and it is very probable that this company will be receiving requests for quotations from some of our borrowers.

We note with interest your description of the time you spent at the Smithfield Agricultural School at Earl's Court. We would appreciate receiving the names of the companies which are in a position to supply fertilizers and insecticides as we have several agricultural programs where such materials will be required.

With respect to the Paraguayan loan, it is probable that the barbed wire will come from either Europe or Japan. I received information that my friends at ARBED in Luxembourg had quoted on the barbed wire but I haven't the faintest idea what the price was so if you can check on that when you are in Luxembourg I will appreciate it; not particularly the price quoted to Paraguay but the approximate price being quoted to Latin America for this material. I also heard from a friend of mine in Brussels that barbed wire could be had in Germany from

*Procurement - Gen'l*



Mr. Stanley H. Miller

2.

the mill at \$188 per metric ton. Paraguay is also in the market for insecticides and pest control chemicals, so please let us know what is available along these lines in Europe.

After the first of the year we hope to be able to give you a little more attention than you have had so far and hope that you will keep us posted on your whereabouts so that we can contact you by cable almost any time, should we find it necessary. Therefore when you plan to take a trip and have arranged a tentative itinerary please mail us your route and hotel connections as well as the proposed number of days' stay in each city.

We all extend our best wishes to you and those associated with you in the Paris Office for a happy and prosperous New Year. Mr. Anderson wishes to be remembered to Mr. Hill.

Very truly yours,

Frank T. Shall, Jr.  
Acting Special Advisor to the  
Loan Director

FTShalljr:jf



January 2, 1952

Mr. Guillaume Konsbruck  
Deputy General Manager  
ARBED, Luxembourg

Dear Mr. Konsbruck:

Several weeks ago the Bank engaged the services of Mr. Stanley H. Miller to assist in giving current information to its borrowers with respect to the procurement of various materials and machinery in the European markets.

One of the items which is difficult to secure here in the United States at present is steel, and we would appreciate any assistance which you may be able to give Mr. Miller on requests which he receives from our various borrowers. Structural steel and plate are particularly difficult at this time and probably will be for the next six or eight months. Many of our borrowers have considerable requirements for reinforcing bars and it may be possible that you could supply quantities of this item.

Mr. Miller expects to be in Luxembourg in the next few weeks and I have taken the liberty of asking him to call on you. The Bank would appreciate any assistance which you may be able to render Mr. Miller, and you may be certain that I would consider such assistance a real personal favor. It is our plan to keep Mr. Miller informed of our borrowers' steel requirements so if you will be so kind as to introduce him to your various assistants, including my good friend Mr. Schneider, I will be very grateful.

May I take this opportunity to express the hope that you and your family have a very prosperous and happy New Year.

Very truly yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

p.s. Mr. and Mrs. Spottswood, who attended the same party with me during the holidays, send their best regards to you. I learned that Mrs. Spottswood and my sister were classmates in college and that they are friends of yours too, so it is a small world after all, isn't it?

cc: Mr. Stanley H. Miller  
Paris Office

FTShulljr:jf

*Procurement - General*



PKOC,

January 2, 1952

Dr. Max Horn  
Under Secretary to the Minister of Colonies  
80 Commerce Street  
Brussels, Belgium

Dear Dr. Horn:

As I wrote to you on a Christmas card, I have joined the staff of the World Bank and am engaged in assisting our borrowers with procurement and priority problems.

As you probably know, the policy of the Bank is to encourage its borrowers to buy abroad, based upon a system of international bidding, particularly on materials and equipment which are difficult to secure in the United States. In order to be more fully informed of the availability of various equipment, machinery, etc. in the European market, the Bank has engaged the services of Mr. Stanley H. Miller to work out of our Paris Office.

I have taken the liberty of asking Mr. Miller to call on you when he is next in Brussels and hope you will be able to guide him in his efforts to make an appraisal of the possibilities of securing materials in Belgium. I realize this is a little out of your province, but I have no doubt that you will be able to advise him whom he should see. I wish to thank you in advance for the courteous manner in which I am sure you will receive Mr. Miller. I don't know when I will be getting back to Europe again but hope that it will not be in the too distant future.

I wish to take this opportunity to wish you and your sister a very happy and healthful New Year.

Sincerely yours,

Frank T. Skull, Jr.  
Acting Special Advisor to the  
Loan Director

p.s. I talked with Gilford Smith a few days ago and he wishes to be remembered to you and extend the season's greetings.

cc: Mr. Stanley H. Miller  
Paris Office

*Procurement - General*

FTSkulljr:jf



January 2, 1952

Dear Madam Mesta:

It hardly seems possible that nine months have come and gone since I left Luxembourg in the middle of March. I have thought of you and many members of your staff frequently, and am particularly appreciative of the many courtesies extended to me by you and by them.

When I returned home in the latter part of March my wife practically issued an ultimatum that if I continued my role as a steel buyer in Europe I would have to look for a new wife. Therefore, to keep peace in the family and play a more active role as a parent I accepted a position with the World Bank. My work here consists of helping our borrowers on procurement and priority problems--work similar to that which I performed during the last war while working with the State Department in Brazil and the Foreign Economic Administration here in Washington. I enjoy my work very much and find that it has made a big improvement in my family life.

As you probably know, the Bank encourages its borrowers to secure bids and purchase various materials and equipment outside of the United States. Critical shortages in this country of various types of machinery and equipment have made it more and more necessary for us to suggest to our borrowers that they try to locate various items from continental suppliers. In order to have closer contact with European suppliers the Bank recently engaged the services of Mr. Stanley H. Miller to work out of the Paris Office. Mr. Miller will soon make a trip through Belgium, Germany, Italy, Switzerland and Luxembourg, and I have taken the liberty of asking him to call on you when he is in your fair city. I would appreciate any assistance which you may be able to give Mr. Miller, and will be deeply grateful for any courtesies you and your staff may extend to him.

I have many pleasant memories of lovely Luxembourg, but the one which stands out above the rest is the evening you so graciously invited me to be your escort to Echternach. I hope that I may return to Luxembourg one of these days before you decide to change your post, but at the present moment I wouldn't hazard a guess as to what my prospects might be.

Please give my best regards to your lovely girls who were so helpful to me during my several visits to your office.

*Procurement - General*



Madam Mesta

2.

With kind personal regards and best wishes for a happy and interesting New Year, I am

Sincerely yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

The Honorable  
Pearl Mesta  
American Minister  
Luxembourg, Luxembourg

cc: Mr. Stanley H. Miller

FTShulljr:jf



December 27, 1951

Ransomes Sims & Jefferies, Ltd.  
Ipswich, England

Gentlemen:

Reference is made to your letter of December 18, indicating that at the request of our Mr. Stanley Miller you are forwarding under separate cover one set of your catalogues showing the various products which you manufacture.

We appreciate the courtesies extended to Mr. Miller and upon receipt of your catalogues will review them with interest.

Very truly yours,

Frank T. Shall, Jr.  
Acting Special Advisor to the  
Loan Director

cc: Mr. Stanley Miller  
Paris Office

*Contractors -*  
*AS/S*



*Procedure*

Mr. Frank T. Shull, Jr.

December 13, 1951

Mr. W. M. Kluss

Class I Tractors

1. In reference to your memorandum of November 27, 1951, no tractors of 100 hp or over, Caterpillar, D7 and D8 or equivalent, are at the present time estimated to be required for the next six months for projects in Turkey or Pakistan.

2. INDIA - The Bank has notified the Central Tractor organization of India that it is prepared in principle to consider financing an additional 90 tractors out of the proceeds of the Agricultural Machine Loan, should the government of India so request. It is our understanding that the 90 additional tractors, if purchased, would be Allis-Chalmers HD-15's or Caterpillar D8, or some of both.

3. THAILAND - Construction equipment for the Thailand Irrigation project includes 5 Super C Tornadozers and 10 Tournapulls. However, Mr. L. G. Marshall tells me that selection of this type of tractor was made last September because of greater availability, and believes they may have already been shipped.

SMK:jfs

**R**



OFFICE MEMORANDUM

Mr. Hogan - 407  
EJ  
December 12, 1951

To : All Loan Officers  
From : Frank T. Shull, Jr.  
Subject : Power Programs

On October 29, 1951, the Department of Commerce, Office of International Trade, submitted to the NPA Foreign Facilities Committee 22 power projects. Of the above-mentioned number seven projects were Bank-financed.

Because of the large number of projects to be considered by the Foreign Facilities Committee, a meeting was held on December 3 and on December 10, and it is estimated that at least two more meetings will be scheduled in the near future in order to complete the program. There are listed below the Bank's projects with the recommendations of the Foreign Facilities Committee :

1. AUSTRALIA

Project: Emergency Package Power Program

Port Kembla	-	New South Wales Electricity Commission	-	4--5,000 KW
Penrith	-	" " " "	"	- 4--5,000 KW
Liverpool	-	" " " "	"	- 4--5,000 KW
Maitland	-	" " " "	"	- 4--5,000 KW
Ipswich	-	City of Brisbane		- 1-10,000 KW
Tennyson	-	" " "		- 2--5,000 KW
Geelong	-	Victoria Electricity Commission		- 3-10,000 KW
Balarat	-	" " "		- 2--5,000 KW
Swan Hill	-	" " "		- 2--5,000 KW
Mildura	-	" " "		- 2--5,000 KW

160,000 KW

Remarks: Approved by the Foreign Facilities Committee

2. BRAZIL

Project: Companhia Hidro Electrica do Sao Francisco  
Paulo Afonso Hydro-electric project  
Total capacity - 120,000 KW (new)

Remarks: The first unit was approved by the Foreign Facilities Committee. It was recommended that the second unit be held for further study and it is believed that discussion on this will come before the FFC shortly after the first of the year.



3. BRAZIL

Project: Rio de Janeiro Tramway, Light & Power Co., Ltd.  
70,000 KW hydro (generators) (Foreacava) - new

Remarks: Approved by the Foreign Facilities Committee.

4. CHILE

Project: Empresa Nacional de Electricidad

Los Molles - 16,000 KW Hydro (New)  
Los Cipreses - 93,000 KVA Hydro (New)  
Copiapo - 730 KVA Diesel (Addition)  
Pilmaiquen - 11,000 KW Hydro (Addition)

Remarks: Approved by the Foreign Facilities Committee

5. MEXICO

Project: Mexican Light and Power Company

Lecheria Steam Plant - 66,000 KW (New)  
Jacksonville-Cerro Gordo Transmission Lines - 220 KV  
double transmission lines (New)  
Patla Hydro-electric Installation - 45,600 KW (New)  
Various substations, transmission lines and switching  
stations.

Remarks: The Foreign Facilities Committee approved the Lecheria Steam Plant. However, it was their recommendation that the balance of the project be held for further study and it is believed that this will go before the FFC shortly after the first of the year.

6. MEXICO

Project: Monterrey Steam Electric Power Plant - 30,000 KW (New)  
Chihuahua Steam Electric Power Plant - 15,000 KW (Addition)  
San Bartolo Hydro-electric Power Plant - 25,000 KW (New)  
Veracruz Steam Electric Power Plant - 10,000 KW (New)  
Various substations, transmission lines and switching  
stations.

Remarks: The Monterrey and Chihuahua Steam Electric Power Plant projects were approved. The balance of the program was held for further discussion.



7. SOUTH AFRICA

Project: Rosherville Steam Electric Power Plant (New)  
4 boilers - total capacity 600,000 lb./hr.

Remarks: Approved by the Foreign Facilities Committee.

This office will advise you of the outcome of the balance of the program, at a later date.



PROC

Mr. Frank Shull

December 3, 1951

G. L. Sandelin

Tractors

1. I refer to your memorandum of November 27, 1951 on the subject of Class I Tractor requirements for projects being financed by the Bank.
2. Of the countries with which I am concerned, the following have projects for which Class I Tractors will be required within the next six months or so:

PARAGUAY

I understand that you now have a detailed list of the requirements for the agricultural project to be financed by the Bank loan which will probably be granted at the end of this week.

CHILE

Construction equipment required for the Rio Elqui Valley project includes one tractor with bulldozer and side boom attachment which, together with 20% spares, is estimated to cost in the neighborhood of U.S.\$35,000. Mr. Grauman told me just before he left for Colombia last week that he had reason to believe that Fomento might have already arranged for the necessary priorities for the equipment to be used in the execution of this project.

GLSandelin:ehb



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D. C.

PROCUREMENT AND PRIORITIES MEMORANDUM NO. 7

November 30, 1951

To All Borrowers From IBRD:

Subject: Procurement Representation in Europe

On September 28, 1951, in our Memorandum No. 5, all borrowers were informed that the Bank was giving thought to the idea of engaging a procurement representative to be resident in Europe. Since that time it has become apparent to the Bank that the services of such a representative could be of considerable value to many of its borrowers. Therefore, a decision has been made to engage the services of Mr. Stanley Hugh Miller, who has had extensive experience in the British Isles and the Continent.

Mr. Miller will make his headquarters in the Bank's Paris Office at 67 Rue de Lille. It is hoped that the Bank's borrowers will take advantage of Mr. Miller's presence in Europe and contact him whenever it appears that equipment or materials might be available in European markets.

Mr. Miller will be in contact with the supply ministries of the various European countries at all times and will be constantly accumulating supply information which will be available to the Bank's borrowers. Any of the Bank's borrowers who have orders placed in Europe at the present time on which current information may be desired can contact Mr. Miller for the latest data concerning such orders.

In order that the Washington Office of the Bank may be kept informed concerning requests for information it is suggested that whenever a borrower contacts Mr. Miller, a copy of the request should be forwarded to this office. It is planned that Mr. Miller will keep this office regularly informed of supply and delivery information which, when of sufficient general interest, will be passed on to our borrowers in the form of bulletins such as this.

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director



Procure

November 29, 1951

Dear Mr. Snyder:

Many thanks for your recent letter congratulating me on my promotion. I sincerely appreciate your thought.

I hope that the next time you are in town you will be sure to give me a ring and perhaps we can get together for lunch.

Kindest personal regards,

Very truly yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

Mr. E. O. Snyder  
Export Sales Manager  
Baldwin-Lima-Hamilton Corporation  
Lima, Ohio

FTShulljr:jf



*Procurer*

November 29, 1951

Dear John:

I sincerely appreciated your note extending the Thanksgiving season greetings to myself and family, and I am only sorry that I didn't "beat you to the punch." However, since Mr. Anderson departed to assume his new duties at DPA I have been literally swamped and have had little time to do the many nice things I would like to do.

There has been little change in the picture here. The Bank has been giving some serious thought to the tractor picture, but there still exists a great deal of confusion concerning this particular type of equipment and until we are fully apprised of all the facts nothing definite will be done with respect to recommending re-manufactured tractors to our borrowers.

You may be certain that we appreciate your offer to assist us whenever possible and, should a decision be made to go into the re-manufactured tractor market, you will be one of the first to be contacted.

An old friend of yours, Barrie Schlenk, visited us the other day in connection with a cable he had received from his principals in London regarding a project which the Bank is financing in Iraq.

I hope that the next time you are down this way you will give me a ring so that we can get together for a few hours.

My very kind personal regards,

Sincerely yours,

Frank T. Shall, Jr.  
Acting Special Advisor to the  
Loan Director

Mr. John M. H. Shline, President  
John M. H. Shline Company  
342 Madison Avenue  
New York 17, New York

FTShalljr:jf



MEMORANDUM

November 27, 1951

To : All Loan Officers  
From : Frank T. Shull, Jr.  
Subject : Tractors

I should appreciate it if you would estimate your requirements of Class I Tractors (100 Hp and over, Caterpillar D7 & D8 or equivalent) for your projects for the next six months. It is understood that NPA is contemplating scheduling construction machinery in the near future. It is believed that their first scheduling operation will be in the tractors falling in the category of Class I. The Office of International Trade will submit the requirements for our projects for scheduling. It would be helpful if this information could be made available to this office by Friday, November 30.

If you have any queries in connection with this, would you please contact Mr. John L. DuBois, extension 738.



*Procure*

November 26, 1951

Sir Bertram Stevens  
Australia House, Wynyard Square  
Box 2614, Sydney, Australia

Dear Sir Bertram:

Mr. S. W. Anderson, who is presently on leave from the Bank, having accepted an assignment with the U. S. Defense Production Administration as Deputy Administrator for Aluminum, has requested that I acknowledge your kind letter of November 16.

We appreciate this additional information concerning the steel situation in Australia, as well as your interest in helping us to secure this material for our borrower.

Very truly yours,

Frank T. Shull, Jr.  
Acting Special Advisor to the  
Loan Director

FTShulljr:jf

*Procurement - S Anderson*



November 14, 1951

Dear Mr. Cacciapuoti:

With reference to your letter of November 8, transmitting copies of IT.835 Request for Priority Assistance to the Office of International Trade, we shall be very glad to follow up these applications with Mr. Newton Foster and Mr. L. S. Solvey of the Projects Division of OIT, in an effort to have these cases expedited.

Very truly yours,

Charles C. Frick  
Loan Department

Mr. Giorgio A. Cacciapuoti  
American Ligurian Company, Inc.  
37 Wall Street  
New York 5, N. Y.

*Procurement*  
*(Anderson)*



*Procurement*

November 13, 1951

Aug. Klönne  
Dortmund, Germany

Gentlemen:

We wish to thank you for your letter concerning steel construction work you are able to undertake.

For your information this Bank does not directly procure material for the projects which it assists financially throughout the world. We are, however, pleased to receive your catalogs and will keep you in mind in case we should receive requests from our borrowers for information along this line.

Very truly yours,

Frank T. Shall, Jr.  
Loan Department

FrankTShalljr:jf

*Contractors - Offs  
of 50*



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D. C.

PROCUREMENT AND PRIORITIES MEMORANDUM NO. 6

November 5, 1951

To All Borrowers From IBRD:

Subject: Steel Shortages in the United States

I am attaching hereto a Special Notice issued by the Office of International Trade of the U. S. Department of Commerce outlining for the benefit of exporters and other interested persons the extremely tight steel situation for the first quarter of 1952. It is believed that this document will give you a brief but accurate picture of the severe shortages which have been imposed on the export of steel from the United States.

It is believed by most authorities that the first two quarters of 1952 may constitute the tightest period in the supply of steel and certain other materials in the United States, and that after July 1, 1952 some easing of the situation may develop. This, however, cannot be anything more than an informed opinion at this time.

As you know, most of the steel requirements from the U. S. suppliers for Bank-financed projects would fall into the so-called "project" category referred to in the attached memorandum. Provided the project has the approval of the defense agencies for the assignment of priorities and CMP allocations, the effect of the shortage will be somewhat less pronounced than is the case with respect to the so-called "general purpose steel for commercial licensing." This emphasizes again the importance of a proper presentation and justification of a foreign project wherever U. S. procurement is appreciable.

Samuel W. Anderson  
Special Advisor to the  
Loan Director

attachment



## SPECIAL NOTICE

### CMP CARBON STEEL LICENSE APPROVAL CRITERIA FOR FIRST QUARTER 1952

In view of the extremely limited tonnage of carbon steel available for export in first quarter 1952, the Office of International Trade will be able to approve steel export licenses in that quarter for only the most highly essential foreign requirements.

Because of a domestic steel shortage so severe that priority construction of schools and hospitals has had to be delayed, OIT cannot anticipate in the near future a supply situation which will permit normal commercial licensing.

So drastic is the situation that carbon steel from first quarter 1952 production will be licensed for only three purposes. In order to receive an export license, the applicant must demonstrate that the shipment meets one of the following criteria:

1. Essential to direct military production of the U. S. or of a friendly foreign nation.
2. Essential to the production abroad of strategic materials for shipment to the United States or to friendly nations.
3. Essential to direct defense-supporting industry. This category includes the facilities required to accomplish either of the two first-named uses.

The carbon steel export quota for first quarter 1952 was established with these criteria in mind. In view of the extreme shortage of steel in the domestic economy, export tonnage cannot be made available for any except the most vitally essential foreign end-uses.

The first quarter 1952 export quota for carbon steel is 628,000 short tons, including 115,000 tons of tinplate and 54,000 tons of steel plates and structurals. The fourth quarter 1951 quota was 695,000 tons, including 125,000 tons of tinplate and 35,000 tons of plate and structurals. Thus, the quota for general purpose carbon steel is 459,000 tons for the first quarter as compared with 535,000 tons in the previous quarter—a drop of some 76,000 tons.

The absolute reduction in quota is, however, only one of a number of the factors which have aggravated the shortage of steel available for export. The distribution of the 459,000 tons of carbon steel (exclusive of tinplate, plate and structurals) among the several types of end uses has been sharply modified in the light of recent developments in the petroleum field; a number of vitally urgent new requirements for critical raw materials production must be met from the allocation; and a number of wire manufactures which were formerly listed as "B" products—not covered in export quotas for CMP steel—have recently been reclassified as controlled materials and must be included in the CMP steel quota.

Specifically, in view of recent developments in world oil production and distribution and prospective expanding demands, it is essential to provide all possible assistance toward the development of additional sources of petroleum. Accordingly, it has been necessary to allot at least as much carbon steel to foreign petroleum projects as was granted from the substantially larger fourth quarter quota. The actual amount—130,000 tons (exclusive of tinplate, plate and structurals)—will enable OIT to satisfy about 90% of the minimum requirements for petroleum projects, but inevitably reduces the tonnage available for other end uses.

Moreover, a number of other special projects have recently been approved. These projects will lead to a direct increase in production abroad and shipment to the United States of vital raw materials—copper, aluminum and iron ore, to mention only three. These new and extremely urgent projects have a minimum total requirement of some 100,000 tons of steel per quarter—in addition to the existing requirements of 184,000 tons for the more than 400 such projects already in progress.

OIT found it possible to allocate 121,000 tons from the fourth quarter 1951 steel quota to meet the requirements of these projects. The project allocation for first quarter 1952 has been increased to 175,000 short tons, against screened minimum requirements of 284,000 tons. In other words, 38% of even these vital requirements cannot be met.

Accordingly, of the 459,000-ton quota of carbon steel (excluding tinplate, plate and structurals), 305,000 tons are directly ticketed for special projects which will increase the available supply of petroleum and other vital raw materials. The balance of the allocation—154,000 tons—is some 130,000 tons less than the amount which was available for commercial licensing in the fourth quarter.

In previous quarters, it has been OIT's practice to return without action such license applications as could not be approved because of quota limitation. In some instances, however, the end use of a proposed shipment was so clearly in the national interest that quota exhaustion could not be allowed to prevent issuance of



the license. For this reason, OIT secured from DPA a limited authority to issue advance quarterly allotments against future export quotas—and used this authority to advance-license a number of applications, under the condition that each transaction meet the conditions of true essentiality. This advance licensing constitutes an obligation against the first quarter quota.

The total of such advance licensing which has already been charged against the carbon steel quota for first quarter 1952 is 147,000 tons, of which 115,000 tons are chargeable against the commercial quota. Thus, the balance of the tonnage for commercial licensing remains unobligated against first quarter steel production is only 39,000 tons.

This amount is not only hopelessly inadequate to meet the total export demand: it will not even cover the genuinely critical cases.

Accordingly, licensing of the first quarter "commercial" quota will be restricted to cases which clearly meet one of the three criteria described above—military production, strategic materials production, or defense-supporting production.

OIT will license the most urgent cases to the extent permitted by the 39,000 tons of remaining first quarter quota. In addition, OIT may utilize its limited authority to advance-license against second and subsequent quarters in cases of major international importance where current-quarter production schedules are already filled.

It is emphasized that advance allotments cannot be assured by OIT, since supply considerations may preclude approval in whole or in part.

Applications meeting acceptable end-uses which can neither be licensed from the present quota nor covered under the advance licensing authority will be returned to the applicant without action, for resubmission at a later date. All other cases will be rejected, and should not be resubmitted until an easing supply situation again makes possible an announcement that a less drastic standard of approval may be applied.

This is the first occasion in the present emergency when license applications have been rejected on such grounds. It is recognized that the action will result in a very substantial reduction in the traditional U. S. export trade in steel. Such action can be justified only on the grounds of the crisis in our mobilization effort and the equivalent sacrifice which is being asked of the U. S. domestic economy.

Because of the rigid new criteria for license approval, OIT will be unable to use the exporters' historical shipments data for CMP steel (recently submitted to OIT in response to Current Export Bulletin No. 638) as a criterion for licensing in first quarter 1952. It is anticipated, however, that these data will constitute one of the tools for licensing CMP steel in future quarters, when OIT again finds it possible to adopt a less drastic standard of approval. In addition, historical data will be used as a factor in the licensing of non-CMP steel applications during the first quarter.

During the present emergency more than ever before, licensing decisions on steel must be based on detailed statements of the end uses to which proposed shipments will be put in foreign countries, and exporters are urged to furnish any documentary evidence of such use which they may possess.

In line with its established policy, OIT will act on all pending applications for CMP carbon steel in the next two weeks and will return those cases which it is able to approve in time to enable exporters to place their orders on first quarter mill schedules. Any case which is returned without action may be resubmitted after November 15 with a request for advance licensing, provided that the proposed transaction clearly meets one of the three new licensing criteria (essential to military production, strategic material production, or direct defense-supporting industry).

The carbon steel quota for first quarter 1952 is 628,000 short tons, as against 695,000 tons in fourth quarter 1951. These quotas are broken down into the following categories (figures in short tons):

	4th quarter 1951	1st quarter 1952
Total carbon steel export quota.....	695,000	628,000
Tinplate.....	125,000	115,000
Plates and structurals.....	35,000	54,000
	<u>160,000</u>	<u>169,000</u>
General-purpose steel.....	535,000	459,000
Petroleum projects.....	130,000	130,000
Other raw materials development projects.....	121,000	175,000
	<u>251,000</u>	<u>305,000</u>
Balance for commercial export.....	284,000	154,000
Advance-licensed for critical end-uses.....	.....	115,000
Unobligated balance of general-purpose steel for commercial licensing.....	.....	39,000



Procure

October 19, 1951

Dear Jorge:

Thank you for your letter of October 17, and for getting us the offer on the barbed wire. I am afraid that the price is way out of range. The Belgians have now quoted, and while I haven't received the figure yet, my impression is that it is probably close to \$100 per ton under your figure.

However, I do appreciate your efforts in this connection.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. Jorge Schneider  
Corporacion de Fomento de la Produccion  
37 Wall Street  
New York, New York

SWAnderson:jf



*Procure*

October 17, 1951

Dear Mr. Moore:

Thank you for your letter of October 12, in response to my telephone call to you of the same date. Since talking with you I have gone into the question of the delivery of the drives with Westinghouse and they now advise me that their part of the equipment can be delivered without a priority rating. Under the circumstances, it will not be necessary for us to present this order to the Foreign Facilities Committee of NPA as a project, which simplifies the matter considerably since the procedures of the Committee are somewhat drawn out and time-consuming.

As the matter now stands, we are going to request a DO rating only on the machine being manufactured by your Company and in this connection we will require four copies of Form IT.835 properly executed. I am enclosing five copies so that you may have one for your files. I notice that this form is a revised version which I have not seen before and if it seems to be a little bewildering, believe me the feeling is mutual.

Where it is at all possible to do so, please give me the estimated value of the material and components on which you require assistance, with as detailed a breakdown as possible. Under existing regulations, it is questionable whether a DO rating will do more than hold the Enso-Gutzeit machine in your present production schedule. You may not get additional CMP and other controlled materials without a rather strong argument.

Inasmuch as the Office of International Trade is our claimant agency we must submit our request for priority assistance through them. I have discussed the question with the appropriate official and he is agreeable to presenting as vigorous a case as possible for us. However, since we will be dealing with some people totally lacking in technical knowledge of paper-making machinery, I have been requested to ask you to send a catalogue or any other descriptive data you have on the 226" kraft paper machine you are building, so that they may know what they are passing upon. You mentioned the difficulty of using substitutions for the critical materials involved in the fabrication of this machine and I think that any technical data on this point that you could send along would be very helpful.

Very truly yours,

Charles C. Frick  
Loan Department

Mr. H. C. Moore  
Vice President  
Beloit Iron Works  
Beloit, Wisconsin





# Record Removal Notice



<b>File Title</b> Procurement - General - Volume 2		<b>Barcode No.</b>  30181436		
<b>Document Date</b> October 16, 1951	<b>Document Type</b> Memorandum			
<b>Correspondents / Participants</b> Mr. Hoar D. Sommers				
<b>Subject / Title</b> Comments on draft memorandum				
<b>Exception(s)</b> Attorney-Client Privilege				
<b>Additional Comments</b>		<p>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.</p> <table border="1"><tr><td><b>Withdrawn by</b> Ann May</td><td><b>Date</b> 02-Aug-16</td></tr></table>	<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16
<b>Withdrawn by</b> Ann May	<b>Date</b> 02-Aug-16			



CROSS REFERENCE SHEET

COMMUNICATION: MEMORANDUM

DATED: OCTOBER 15, 1951

TO: MESSRS: BUTCHER, FAJANS, LEJUENE, PATERSON

FROM: MR. PRUD'HOMME

SUMMARY: RE: POWER PROJECTS INVOLVING AMERICAN PROCUREMENT

FILED UNDER: POWER

CROSS REFERENCE: PROCUREMENT



*Process*

October 11, 1951

To: General Files

From: Samuel W. Anderson *SWA*

I had a call today from Mr. L. Dierckx, Director of Arpic Engineering, Limited of Antwerp. This company is the largest manufacturer of American-type air compressors in Europe. Its present plant in Belgium turns out about 2,000 compressors per year. It has recently built another plant in Glasgow, Scotland, of about the same capacity, and is at present in the final construction stages of a new plant in Belgium to replace the present one. The capacity of the new plant will be approximately 6,000 units per year. The compressors are built in the following sizes (cubic inches per minute)? :

- 75
- 105
- 160
- 210
- 315
- 500

The smaller sizes are optional gasoline or diesel engines. Prices are about 30-40 percent lower than competitive American compressors on all sizes up to 500, where the differential is about 15%. Based on present production Mr. Dierckx promised immediate delivery of the 105, 160 and 210, and 2-3 months delivery on the 75, 315 and 500. When the new plant is functioning early in 1952, deliveries will improve on the latter group.

Mr. Dierckx has just completed a tour of South America. He claims to have adequate dealer services and spare part arrangements in all important South American and Central American countries. I gave him the names of the five contractors on the Colombian job and I also arranged for him to see Mr. Harrison of the Bureau of Public Roads.

Arpic was a successful bidder for the compressor requirements for the Thailand Irrigation Project. The compressors will be shipped as promised on the original bid.

Mr. Dierckx came to see me in response to a telegram from the President of his company who had gotten my name from the Minister of Economy in Brussels. I explained our point of view to him and urged him to bid for business on Bank-financed projects. Incidentally, I mentioned this matter to Mr. MacDonald of Winston Bros. today, and he took down the name of the company. In the case of the Colombian Road project, of course, the problem of standardization and service would be important. There are in the files in my office copies of one or two pieces of literature and a price list on these compressors, if it is desired to consult them.

Mr. Dierckx says that the only other manufacturers of American-type compressors (as distinguished from the older designs originating in Europe) are three or four firms in England.

cc: Messrs. Wheeler      Shull  
                  Connors        Lund  
                  Schmidt      Racinski  
                  Cope            Ripman  
                  Hoar



*Procede*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**OUTGOING WIRE**

*LT*  
*Wu*

DATE: October 11, 1951  
TO: BELOIT IRON WORKS, BELOIT,  
WISCONSIN  
TEXT:

CLASS OF SERVICE DESIRED			
NIGHT LETTER	<input checked="" type="checkbox"/>	CODE	<input type="checkbox"/>
DEFERRED	<input type="checkbox"/>	FULL RATE	<input type="checkbox"/>
		TELETYPE	<input type="checkbox"/>

ATTENTION MOORE REFERENCE TELEPHONE CONVERSATION TODAY PLEASE INCLUDE IN  
YOUR LETTER APPROXIMATE PERCENTAGE OF COMPLETION OF MACHINE

FRICK  
INTBAFRAD

DISPATCHED  
INTERNATIONAL BANK FOR  
RECONST. AND DEVEL.  
OCT 11 4 45 PM 1951

AUTHORIZED BY:

*Swan*

NAME Samuel W. Anderson

DEPT. Loan

For Use by Archives Division

Checked for Dispatch

FILE COPY



October 8, 1951

No. 558

Dear Walter:

Thank you for your letter of October 3, No. P.1047.

Best regards to both you and Yvonne.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. Walter Hill  
Special Representative in Europe  
International Bank for Reconstruction  
and Development  
67, Rue de Lille  
Paris (7<sup>e</sup>), France



*Procure*

October 2, 1951

Mr. D. W. Mitchell, Assistant Secretary  
Ministry of Supply  
London, England

Dear Mr. Mitchell:

Thinking that it may be of some interest to you, I am enclosing herewith copy of a routine communication which my office is sending to all borrowers from the Bank, briefly summarizing my conclusions as a result of my European trip, as well as recent trends in the United States.

Also for your information, I am enclosing herewith a brief memorandum prepared by the Bank for the use of the O.I.T. on our Ethiopian road procurement program. As you will see, most of this consists of American equipment.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Enclosures: 2

SWAnderson:jf

*Procurement*



*Resource*

October 2, 1951

Mr. Lief Belfrage  
Director of Economic Affairs  
Ministry of Foreign Affairs  
Jacobsgatan 30  
Stockholm, Sweden

Dear Mr. Belfrage:

I have taken the liberty of placing your name on our mailing list to receive informal memoranda issued by my office from time to time, such as the attached.

I thought these memoranda might be useful in keeping you advised of our activities, as I told you I hoped to do when I visited you in Stockholm recently.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

enclosure: Memorandum No. 5

SWAnderson:jf

*Procurement*



*Procure*

October 2, 1951

M. Bellier, Director  
Mechanical and Electrical Industries  
Ministry of Commerce  
Paris, France

Dear M. Bellier:

I have taken the liberty of placing your name on our mailing list to receive informal memoranda issued by my office from time to time, such as the attached.

I thought these memoranda might be useful in keeping you advised of our activities, as I told you I hoped to do when we visited recently.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

enclosure: Memorandum No. 5

SWAnderson:jf

*Procurement*



*Procure*

October 2, 1951

Mr. Viggo Jensen  
Ministry for Foreign Affairs  
Danish Government  
Copenhagen, Denmark

Dear Mr. Jensen:

I have taken the liberty of placing your name on our mailing list to receive informal memoranda issued by my office from time to time, such as the attached.

I thought these memoranda might be useful in keeping you advised of our activities, as I told you I hoped to do when I visited you in Denmark recently.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

enclosure: Memorandum No. 5

SWAnderson:jf

*Procurement*



*Mr. Garner*

## STAFF LOAN COMMITTEE

*(This document is for the use of the President, Vice President and members of the Staff Loan Committee only. Its contents should not be communicated to other persons except in the course of duty.)*

DECLASSIFIED

AUG 02 2016

WBG ARCHIVES

October 1, 1951

MEMORANDUM FOR MEMBERS OF THE STAFF LOAN COMMITTEE:

The attached Summary Report of Survey of European Equipment and Materials Availability, Control Mechanisms, and Government Priority Policies prepared by Mr. B.W. Anderson, is circulated for the information of the Committee.

(SIGNED) MICHAEL L. LEJEUNE

Michael L. Lejeune  
Secretary



*Procure*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON, D. C.

PROCUREMENT AND PRIORITIES MEMORANDUM NO. 5

September 28, 1951

To All Borrowers From IBRD:

Having recently spent several weeks in Europe surveying equipment and material availabilities and priorities problems, I would like to report the results as well as to summarize recent developments in the American markets.

European Situation

The purpose of my visit to Europe was to identify useful sources of information on supply conditions for future use and to lay the groundwork for further contact with these sources. In addition, conversations were held with appropriate ministries of several of the European industrial countries in order to establish relationships which might prove useful in case deliveries of equipment from European suppliers should be seriously delayed.

There are available to the Bank on request a considerable number of reliable sources of information on open capacity to manufacture a wide variety of equipment and fabricated materials which may be needed in carrying out Bank-financed projects.

At present European sources of electric generating equipment, telecommunication equipment, rolling stock, including locomotives (except large Diesels), industrial equipment such as textile, paper making, etc. are relatively less tight than in the United States in terms of delivery periods. European machine tool sources seem to be almost but not quite as tight as U. S. sources. Heavy construction equipment and materials handling equipment are relatively less available in Europe. Steel, especially structural, now seems to be less tight on the Continent than it is in either the United States or the United Kingdom. Non-ferrous metals and products using them in large quantities seem to be about as tight in Europe as in the United States. Specialized steel products such as transformer sheets and alloy steel are also equally tight everywhere. These observations are admitted to be general and subject to modification in detail.

As a result of conferences with appropriate ministries in a number of the industrial European countries it can be reported that Bank-financed projects are regarded as significant and worthy of appropriate assistance by governments wherever procurement problems with respect to orders on European manufacturers get into any difficulties. This does not mean that the Bank has been given any firm or precise commitments as to what action will be taken in individual cases but the governments in question have expressed willingness to be consulted by representatives of the Bank



wherever we think some assistance may be helpful. We consider this to be an important and constructive development and we are quite willing to avail ourselves of the invitations in appropriate instances.

As you know, my office has been actively working with U. S. Government defense agencies and others on procurement problems on American equipment for Bank-financed projects. These efforts are producing some constructive results. The Bank is now considering how it can best extend this help, if and when it is desired, to procurement problems arising out of the purchase of equipment and materials in Europe by its borrowers. This work can be most effectively carried out, in our opinion, through personal relationships. This conclusion is supported by experience of borrowers who do maintain procurement representatives in Europe and the United States. The Bank is therefore contemplating the possibility of engaging a specialist in this field who will be resident in Europe and will be charged with the responsibilities of working on individual cases in behalf of borrowers. It would be helpful to me to know whether or not the presence of an experienced specialist in this field in Europe would be welcomed by our borrowers, and whether, in the light of your experience so far, you believe that such service would be useful to you. We would appreciate it, therefore, if you would be good enough to give us as promptly as possible any views you may have on this subject.

#### Situation in the United States

The tightness in American supply markets for equipment and important materials has increased considerably during the third calendar quarter of 1951. The principal cause of the difficulty is the shortage of steel and certain non-ferrous metals, especially copper, in relation to the over-all demand. The Controlled Materials Plan (CMP) started its operations in the third quarter. The third quarter allotments of steel, copper and aluminum through this plan were in amounts considerably less than the stated requirements for each. It is to be expected that the operation of CMP will be confused in the early stages. It will take some time before the possession of an allotment number will in fact insure that the holder will receive delivery of the materials in the quarter for which the allotment is issued. Actually, certain holders of allotments for the third quarter were unable to find a mill to accept their orders for total steel, copper and aluminum. The allotments for the fourth quarter were made on July 27, 1951, and represented an even greater cut below the stated requirements of Claimant Agencies than was the case in the third quarter. Due to an extended strike of copper workers it was necessary to allot copper on the most stringent basis of all of the three metals. Accordingly, copper supplies are rapidly becoming a serious bottleneck in the plants of the copper-consuming industries. Structural steel and plate constitute one of the most serious shortages in the whole of the steel supply situation. Because of this a specific limitation covering structural steel and plate was applied to fourth quarter allotments of steel as a whole. For example, the Office of International Trade, U. S. Department of Commerce (the Claimant Agency for non-ECA countries), received only 25,000 tons of fourth quarter structural steel, which was in fact insufficient to cover OIT's share of structural steel scheduled for rolling in the third quarter but which slipped over



into the fourth quarter. As a consequence, it is at present still doubtful whether OIT will be able to supply any fourth quarter structural steel whatsoever for projects under its jurisdiction. This will cause serious repercussions on a wide front and will unquestionably delay projects requiring structural steel for such items as transmission lines, buildings, bridge work, etc.

It is impossible to predict when an improvement may be expected in the supply of controlled materials in relation to the demand. The best opinion seems to be that a severe shortage will continue for several quarters, although there may be some slight relief apparent in mid-1952. It would thus appear to be sound planning for Bank-financed projects to avail themselves to the maximum extent feasible of sources outside of the United States for steel, copper and aluminum as such.

In the belief that it may be of interest to you as an illustration of a particular market condition in the United States, I am enclosing herewith a copy of a recent analysis of the effect of the shortages on the completion of the U. S. electric power program.

#### Necessity of Presenting Project Justification

During the summer of 1951 there was established in the Foreign Division of the National Production Authority (NPA), the Foreign Projects Committee. Its task is to consider and to approve or disapprove requests for priority assistance from foreign projects procuring equipment or materials in the United States. This Committee of course limits its decisions to whether or not priority assistance should be given and does not control in any way the activities of sponsors of projects for procurement in the United States without priority assistance. The first project considered by this Committee was a Bank-financed project in the Far East.

It is evident to us that a careful and well-documented presentation of the facts with respect to any project financed by the Bank, including a detailed statement of proposed procurement in the United States and elsewhere, serves a useful purpose in furthering understanding of the justification of the project in question and in securing, where possible, favorable decisions to grant reasonable priority assistance as and when supply difficulties develop. The Bank is therefore now working with a number of borrowers to present adequate project justifications, in some instances even covering projects reasonably far along in their procurement program. As new loans are made and procurement facts are developed, presentation to the Foreign Facilities Committee of NPA will be made in concert with the borrowers.

#### Coordination

As I have pointed out in previous communications to you, the Bank does not have the staff to carry on the primary work of presenting factual evidence in support of requests for priority assistance to the United States or to other member governments. As a result of our frequent contacts with the defense agencies in the United States particularly,



however, we believe that the processing of requests for assistance and reception of such requests may be both speeded up and improved if we are informed rather fully and currently of your own efforts in these directions. This could take the form of seeing that copies of relevant letters and papers are sent to us or that we are kept informed in some other appropriate manner. There have been a number of cases recently on which we believe requests for special assistance might have been more effectively handled if we had had an opportunity to consult with the borrower at the time.

Samuel W. Anderson  
Special Advisor to the  
Loan Director

attachment



Procure

*Ex*

September 27, 1951

548

Dear Walter:

I am enclosing herewith four copies of my report on my trip to Europe. I thought you would be interested to read this yourself.

We have come to the conclusion that we will not circulate this document to the Executive Directors on the theory that it is a rather frank paper and might be subject to some misunderstanding or perhaps misinterpretation if it received any considerable circulation within the governments of our member nations. Nevertheless, I think as a matter of courtesy it might be desirable to show it to Mr. Geuronik of O.E.E.C., and to some of the top side O.S.R. people, since both of them were very cooperative. However, I would not wish it to go unpredictably further through such people. In O.S.R. I should think that Paul Porter and Ed Flarity would be the appropriate persons. If you agree with this conclusion, would you in the right way make it available to them with appropriate request that it not be given any further circulation. In your discretion you might also decide that Mr. Maurice Bosquet, Secretary of the Machinery Committee, should see it.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Clearances:		
<u>Name</u>	<u>Initials</u>	<u>Date</u>
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Mr. Walter Hill, Special Representative  
International Bank for Reconstruction and Development  
67 Rue de Lille  
Paris (7<sup>e</sup>), France

enclosures: 4

SWAnderson: jf



Re: memorandum

September 27, 1951

Mr. Lincoln Gordon  
Room 279, Executive Office Building  
Washington 25, D. C.

Dear Line,

Because of the new assignment with which your office will be concerned I wanted to give to you for your own use, and of course Averill's if he is interested--but no further-- a copy of a report concerning my recent observations abroad on the problem of supplies.

I am quite anxious that this paper will not be given any circulation to speak of and I am sure that you will understand why.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Clearances:		
<u>Name</u>	<u>Initials</u>	<u>Date</u>
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enclosure

SWAnderson: jf



Procurement

September 20, 1951

Mr. L. Levitan  
American Intercontinental Trade & Service Co. Inc.  
50 Broadway  
New York 4, New York

Dear Mr. Levitan:

*not sent  
to file*

*not sent  
to file*

I have your two letters of September 18 and one letter of September 19, addressed to Mr. Frick, with which you enclosed forms 228 on three orders.

With respect to these orders, I would like to call your attention to the fact that anyone entering into consideration of these orders would not be able to find out from the form 228 what the use of the items will be. It is not sufficient, in my opinion, for you to say "For installation in the Steam Generating Plant of the Mexican Light & Power Co., Ltd. at Lecheria, Mexico," or in the case of one of your orders, "at Patla."

The whole purpose of devising form 228 was to make it possible for the processing officers of NPA to really understand the nature of the particular request. You and I are relatively familiar with the situation, but I cannot be sure, except by inference from your letter to Mr. Frick, what the motor is supposed to be used for. I assume it probably has something to do with the hoist. It just makes our work more difficult unless you people can really use form 228 effectively so that the reader of the form can understand what the problem is. If it is not used in this way it just becomes so much more paper work and is really of very little value.

Furthermore, I think if you are not already, you should become much more familiar with the workings in the CMP system. In General Electric's letter of September 11 they complain that they are short of copper. You should know that a DO order has absolutely no standing on G.E.'s supply of copper as this is a controlled material. Therefore, there is every reason why NPA would turn your request down on the basis of the aforementioned letter.

I imagine you understand there is a strong drive on among originating suppliers to build up their ratings pattern on their order boards. Many of them are using this argument with unsophisticated customers, attempting to justify controlled materials as their reason for requesting priority ratings on orders. If NPA suspects that this is the case they will automatically turn down any such requests.



Mr. L. Levitan

2.

It seems very important that your office become better educated on the operations of the priorities regulations and the CMP system if you are to avoid a large amount of paper work, and in many cases being turned down on requests which are advanced for illegitimate reasons. I suggest if you do so, that you and Mr. Reed should come down often, if it is your responsibility to prepare these papers, so that you can do so with greater effectiveness.

I am returning the three letters with the request that the 228s be re-prepared in such a way as to be really informative to a new reader. This may easily involve getting a more accurate and realistic picture from the supplier in each case.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

enclosures

SWANDERSON:jf



Procurement  
September 20, 1951

Dear Walker:

I was very much interested in your paper and the printed pamphlet presented at the Presidents' Conference on the subject of delays in electrical equipment.

Could you arrange to send me an extra 150 copies of both documents? I want to use them in connection with a circulation to all of our borrowers throughout the world as an excellent example of the difficulties developing in the United States in connection with procurement, especially structural steel. I think the job is so well done that it will prove helpful and illuminating in trying to make clear what is going on here. This structural steel situation really is pretty bad.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. Walker L. Gisler, Executive Vice President  
The Detroit Edison Company  
2000 Second Avenue  
Detroit, Michigan

SWAnderson:jf



Procurement

Messrs. Cope, Burland, Hear, Koster, Rucinski,  
Schmidt, Spottswood

September 20, 1951

Pursuant to our discussion this morning I am giving you herewith the two memoranda I addressed to Mr. Hear.

With respect to the memoranda on power projects, would you please let me know whether the information I need can be made available in a conference by one of the Loan Officers?

attachments (2)



Recurrence

September 17, 1951.

Dear Mr. Bosquet:

Now that I have returned to Washington I have had a little time to go over the accumulation of papers that always piles up when one has been absent, and I have been reviewing our talks in Paris. Mr. Hill sent me a stenographic transcript of my meeting with the Machinery Committee. I have belatedly had an opportunity of going over it, doing quite a little editing in the process. I have asked him to take it back to Paris and see whether my editorial changes can be incorporated in the record.

It occurred to me that you might be interested to see the enclosed paper which was made up last Spring for the purpose of informing certain individuals in the defense agencies of the U.S. Government about the Bank. I did not have a copy of this with me in Paris but it does represent principally a useful summary of most of the loans which the Bank had made up to last Spring. It is, of course, rather out of date now, as quite a little business has been done since that time.

I am also suggesting to our Paris Office, if this has already not been done, that a number of copies of the Bank's 6th Annual Report be sent to you, so that you may circulate them to the members of the Machinery Committee. I think they will find it an informative and interesting document, well worth the time it takes to read.

Again accept my kindest thanks for the courtesies you showed to me while I was in Paris. I shall be writing to you from time to time whenever I think there is something that will be useful to you.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. M. Bosquet  
Machinery Committee  
O.E.E.C.,  
2 rue Andre Pascal  
Paris 16, France

cc: Mr. Walter Hill - Paris Office  
Mr. Drew Dudley - Paris Office

SWANDERSON:jd



Procurement

September 17, 1951

Dear Walker:

*W. Anderson*  
This is a belated acknowledgment of your kind letter from Philadelphia of August 13, sending me the Ninth and the Interim Electric Power Survey memoranda. I have had a chance now, after my return from Europe, to read the latter especially, as I had seen the preliminary Ninth Report earlier. The summary of the procurement difficulties contained in the Interim Report is very interesting to me of course. It is my responsibility in the Bank to attempt to avoid damaging delays in the power projects abroad, financed by the Bank. In attempting to accomplish this, I am of course up against the same problems which confront domestic purchasers of electrical equipment.

In discussing these matters with a number of our mutual friends here and with the Claimant Agencies, I have added my voice to DEPA's argument that additional materials should be made available to the manufacturers so that both foreign and domestic programs will not suffer. As you know, the Requirements Committee, however, has had to impose cuts on the whole of the non-military sector of the demand. The question of whether or not the distribution of the sacrifice is the wisest position under the circumstances could be debated forever, as we well know from our previous experience during the war. It is very hard for me though to accept the theory that an industry which occupies so basic a position as a manufacturer of power equipment should have to face so serious a cut, so that many non-essentials can continue to be manufactured, albeit at reduced rates. I am not insensible to the necessity of keeping the economy reasonably well balanced, but the arithmetic shows that you cannot have your cake and eat it too.

If, however, in spite of everything, a continuous cut of the power manufacturing facilities is to be imposed, I then find myself on the other side of the table from the domestic industry. You, of all people I think, understand that there is a great difference in the relative need for power between the highly developed economy of the United States and the lesser developed economies of the rest of the world. I am not thinking of the industrial nations of Europe so much (although their need is very urgent too), but rather of those areas like South America, the Middle and Far East, which are only beginning their long upward struggle for greater productivity. In terms of contribution to the productive effort, it seems to me that the marginal value of an extra million k.w. of capacity in the United States is less than that same million k.w. properly distributed in the underdeveloped areas of the world. In saying this, I am



not quarrelling with the obviously sound principle that the United States should, if possible, have adequate and comfortable margins of reserve to guard against all manner of unforeseeable contingencies, but I still think that a case can be made for giving to sound firm power projects in the underdeveloped areas of the world, a position ahead of the least urgent needs of the United States. This Bank has learned the lesson very well that economic development can move forward only haltingly unless a real push can be exerted to provide the fundamental social capital for power communication, transport and the like. I only wish that the results of our experience in the underdeveloped parts of the world were more widely appreciated for what they really mean.

I haven't seen you for a long time. Wont you come over and have lunch with me the next time you are here? I would love to talk to you about a lot of things, not the least of which is the experiences I had in Europe this summer.

Warmest regards,

Sincerely yours,

Samuel W. Anderson

Mr. Walker Cisler, Chairman  
Electric Power Survey Committee  
Edison Electric Institute  
1015 Chestnut Street - Room 1212  
Philadelphia 7, Pennsylvania

p.s. One good deed deserves reciprocity, so I am enclosing herewith, a memorandum on the Australian power picture which has been prepared in support of our representations to OIT and NPA in behalf of the Australians.

enclosure

SWAnderson: jf



*Power*  
*Power*  
~~*Power*~~

# OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar

DATE: September 13, 1951

*Bonne*  
*Wednesday*  
*19/ix*

FROM: S. W. Anderson *SWA*

SUBJECT: Future Power Projects

In discussions with the Power Branch of the OIT, we have been asked to be prepared to furnish, probably fairly soon, summary facts with respect to power projects financed or to be financed by the Bank, involving American procurement on any appreciable scale. This group will include only those projects not now included in the so-called "OIT Program" recently resubmitted to NPA.

The only projects falling within this category which have already been financed by the Bank are the following:

1. The Rio Lempa Project (where U.S. procurement is rather limited)
2. UTE, Uruguay (where the extent of U.S. procurement is still undetermined)
3. Some 25 minor projects of Mexlight on which work is now being done by AMITAS in accordance with our request.

Based upon Mr. Koster's memorandum of September 4 to Mr. Crena de Iongh, forecasting possible loans to be signed for the three-months' period ending November 30, 1951, the following projects appear to fall within the category in the minds of OIT.

1. Chile - 3rd unit, Los Cipreses
2. Colombia - Lebrija
3. Pakistan - Power Projects

There may be perhaps, unbeknown to me, some power equipment involved in the following loans:

- The Belgian Congo
- Southern Italy
- Yugoslavia ✓

In the case of the Belgian Congo and Southern Italy, ECA countries, any power content of this loan would presumably be the responsibility of ECA as the Claimant Agency.

I am anxious to be ready to comply with the request of OIT as rapidly as possible. Therefore I request that you circulate to the appropriate Loan Officers, the attached brief informal memorandum to indicate the sort of information that I would like to obtain to form the basis for drafting a letter to OIT. I think the easiest way to accomplish this is for my



Mr. Hoar

2.

office to sit down with each of the Loan Officers involved after they understand the nature of this request.

I would therefore like to suggest that this matter be placed on the agenda for early discussion at one of our morning meetings.

~~cc: Mr. Shull~~

*attachment*



Information on Power

1. Type of power installation
2. Size and type of units
3. Date on which project should start to deliver power
4. Status of construction if any.
5. Present information on status of Procurement
  - (a) Is order for generator placed? If not, in what country is it expected that orders will be placed?
  - (b) Same for turbine
  - (c) Same for boilers if applicable
  - (d) What, if any, delivery promises have been given
6. Location of facilities
7. Destination of the power
8. What reasons can be advanced as to why this project should not be delayed until materials become more plentiful (i.e. economic justification and urgency).



*Procure  
Files*

*Ex*

OFFICE MEMORANDUM

TO: Mr. A. S. G. Hoar

DATE: September 13, 1951

*for Wednesday  
morning  
19/1x*

FROM: S. W. Anderson *SWA*

SUBJECT: Procurement Procedures - Claimant Agencies

Parallel to my memorandum of today's date with respect to future power projects, I should like to discuss informally at an early morning meeting, the advisability of taking steps toward the preparation of the documents for presentation, through the appropriate Claimant Agency, to the Foreign Facilities Committee on a number of future loans where I believe the interests of our borrowers will be better served by so doing. These same documents will also be used to fulfill my promise to a number of ministries in Western Europe to place before them useful information on procurement or probable procurement with respect to Bank-financed projects with the view of laying the groundwork for possible future help.

From Mr. Koster's memorandum to Mr. Crena de Iongh, dated September 4, on "Loan Forecasts," it seems to me that the following loans should be written up in this way at some point:

Chile:

- (a) Los Cipreses
- (b) Irrigation
- (c) Lota
- (d) Schwager

Colombia:

Lebrija

Iraq:

- (a) Silo at Basrah
- (b) Agricultural machinery
- (c) Oil refinery

Pakistan:

- (a) Agriculture
- (b) Railway rehabilitation
- (c) Power
- (d) Paper mill
- (e) Telecommunications



Peru:

- (a) Port of Callao
- (b) Agricultural machinery

Syria:

- (a) Road construction
- (b) Roudj drainage and irrigation
- (c) Port of Latakia

Yugoslavia: general

Nicaragua:

- (a) Cement plant
- (b) Grain storage

*- Paraguay -*  
In addition to the above list there are a number of loans already effective which will probably have to be written up in a similar way at some point. These would include the Iraq - Wadi Tharthar.

The nature of each write-up will depend on the individual circumstances. It is also possible that we can avoid this work in certain cases without jeopardizing our position or the availability of help. The timing of the work of course will also depend entirely on the status of the information available to us.

cc: Mr. Shull



*Procare*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

**OUTGOING WIRE**

DATE: September 12, 1951

TO: <sup>LT</sup> W. S. TYLER COMPANY  
3615 SUPERIOR AVENUE  
CLEVELAND, OHIO

*(via wa)*

TEXT:

CLASS OF SERVICE DESIRED	
NIGHT LETTER <input checked="" type="checkbox"/>	CODE <input type="checkbox"/>
DEFERRED <input type="checkbox"/>	FULL RATE <input type="checkbox"/>
TELETYPE <input type="checkbox"/>	

Attention ROBINSON EXPORT DEPARTMENT INVESTIGATION LICENSE C ONE DASH ONE TWO NINE DASH SIX EIGHT FIVE TWO ONE REFERRED TO YOUR LETTER AUGUST THIRTY-ONE TO ANDERSON INDICATES IT WAS EXTENDED TO OCTOBER THIRTY-ONE NINETEEN FIFTY-ONE AND SENT TO COLLECTOR OF CUSTOMS NEW YORK STOP IF UNABLE LOCATE THERE ADVISE AND DUPLICATE LICENSE WILL BE ISSUED PROMPTLY

SHULL

INTBAFRAD

AUTHORIZED BY:

NAME Samuel W. Anderson

DEPT. Loan

For Use by Archives Division

Checked for Dispatch

FILE COPY



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CLASS OF SERVICE DESIRED	
<input type="checkbox"/> AIR MAIL	<input type="checkbox"/> REGISTERED MAIL
<input type="checkbox"/> TELETYPE	<input type="checkbox"/> TELETYPE

DATE: September 12, 1951  
 TO: W. S. TILLY COMPANY  
 3015 TOWNE AVENUE  
 CLEVELAND, OHIO

AGREEMENT ROBERTSON...  
 TWO NINE DASH SIX EIGHT FIVE TWO ONE REFERRED TO YOUR LETTER AUGUST THIRTY-ONE  
 TO ANDERSON I DECIDE IT WAS REFERRED TO OCTOBER THIRTY-ONE NINETEEN FIFTY-ONE  
 AND THAT TO COLLECTOR OF CUSTOMS NEW YORK STOR... IN UTAH...  
 AND DUPLICATE LICENSE WILL BE ISSUED PROMPTLY

RECEIVED  
 INTERNATIONAL

SEP 12 5 42 PM 1951  
 RECEIVED  
 INTERNATIONAL BANK FOR  
 RECONST. AND DEVEL.

SEP 12 5 44 PM 1951  
 DISMISSED  
 INTERNATIONAL BANK FOR  
 RECONST. AND DEVEL.

FILE COPY



September 12, 1951

Dear Mr. Selleslags:

I should like to inquire as to whether there exists an English translation of "Capacite Disponible des Industries Mecaniques et Electriques Europeennes," dated June 20, 1951.

I have a copy of this report in French and was about to have it translated into English, but if there is an English translation in existence it would be helpful to me to have it.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. F. Selleslags  
O.E.E.C. Mission to the  
International Materials Conference  
1320 18th Street, N. W.  
Washington, D. C.

SWAnderson:jf



100000

September 7, 1951

Dear Mr. Bosquet:

Now that I have returned to Washington I think I should report to you that so far we have received no offers of cement as a consequence of the circulation of the document dated July 25. As it has turned out, however, the engineers on the project have worked out a fairly satisfactory solution to their needs and I therefore believe that there is less immediate interest in offers than was the case when I talked to you in July. I thought you would wish to know however about the outcome and if you develop any reactions as to why the result was negative it would of course be interesting to me to know what your views might be.

Since I last wrote you from Paris I have visited Norway, Sweden and Denmark; Norway mostly for a vacation. In Sweden I had a very interesting conversation with Mr. Quistgaard and learned a good deal from him and from the Swedish Export Corporation about availabilities in Sweden. I also had brief talks in Copenhagen with Mr. Jensen in the Foreign Office and with Mr. Sidenfadden whom I had known from ECA days here in Washington.

I have also received the minutes of the meeting of the Machinery Committee, at which I was present, and hope shortly to have a chance to review them.

Kindest regards and many thanks again for your many courtesies while I was in Paris.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. M. Bosquet  
Machinery Committee  
O.E.E.C.,  
2, rue Andre Pascal  
Paris (16<sup>e</sup>)

SWAnderson:jf



*Process*

September 6, 1951

Mr. F. H. Terlinck  
Directeur, "Sofina"  
36, rue de Naples  
Brussels, Belgium

*W. Anderson*

Dear Mr. Terlinck:

It was very kind of you to write to me on August 3. I returned last week from Europe, having had a most interesting time after I saw you in Germany and Scandinavia.

Let me say again how much I enjoyed meeting you and your associates, and how much I appreciate the kindness you showed me in Brussels. It is very gratifying to know that I may call on you from time to time to share with me your experience and knowledge on matters of interest to the Bank.

I saw Mr. James Clark of Amintas yesterday and reported to him my pleasant meetings with you and your associates. I might add that the Mexlight projects seem to be going along with no unsolved delivery problems, although there is a continuous battle week by week to keep out of small troubles. Jim is now battling for two tons of steel for the instrument panel boards for Lecheria. However, no doubt this problem will be solved quite readily one way or another. It does show you, however, the degree to which expediting has to be carried today.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

cc: Mr. James Clark  
American Intercontinental Trade & Service Co.  
50 Broadway  
New York 4, New York

SWAnderson:jf



Procure

September 6, 1951

Dear Harold:

I am terribly sorry to have missed you after your return from London.

Mr. Frick has told me the substance of what you told him and I can well understand in view of the circumstances that you were most anxious to get to work at once on your plans in Australia. He also tells me that it is his understanding that you propose to come back to Washington in the not too distant future. I am delighted to hear this as I would like nothing better than to continue our conversations and to learn at first hand what you found out in England.

At this moment we believe that your orders here are in good shape but we are of course remaining alert on several fronts for any change which may occur. Steel is getting tighter all of the time, as well as copper and aluminum. I think, however, that we will see the situation a little more clearly when the decisions on the first quarter for 1952 are being considered.

Sincerely yours,

Samuel W. Anderson  
Special Advisor to the  
Loan Director

Mr. H. G. Conde, Chairman  
Electricity Commission  
New South Wales  
Box 5257 G.P.O.  
Sidney, Australia

cc: Mr. Koster  
Mr. Cope  
Mr. Frick

SWAnderson:jf



PROBABLE DELAYS IN BRINGING NEW ELECTRIC GENERATING CAPACITY  
INTO SERVICE IN THE UNITED STATES

BASED UPON INFORMATION AS OF SEPTEMBER 1, 1951

Walker L. Cisler, Chairman  
Electric Power Survey Committee  
Edison Electric Institute  
September 12, 1951

Serious delays in carrying out the construction and completion of new electric generating projects throughout the United States are being encountered because of lack of required materials for plant erection and because equipment manufacturers are unable to procure sufficient material to maintain their scheduled production.

To obtain up-to-date information regarding the situation as of September 1, 1951, telegraphic inquiries were sent to 23 electric power systems concerning the status of 42 projects involving 80 steam turbine-generators totalling approximately 8.4 million kilowatts scheduled for operation between the date of inquiry and the end of 1953. This sample represents almost half of the total capacity of steam turbine-generators scheduled to go into service during the period covered.

The results of the survey indicate that delays ranging from one to seven months are expected in the scheduled operating dates of 30 units totalling 3.3 million kilowatts. This represents about 40 per cent of the capacity included in the sample. Applying this percentage to the total capacity of steam turbine-generators scheduled for service during the period covered indicates that over 7 million kw of new thermal capacity may be expected to be delayed.

It should be kept in mind that this survey does not cover any hydraulic electric generating capacity or thermal capacity scheduled for service after the end of 1953. Present lack of necessary materials undoubtedly will cause delays in carrying those projects to completion according to schedule.

More detailed results of the survey are as follows:



September thru December 1951

The inquiry covered three large steam turbine-generators totalling 245,000 kw scheduled for service during the latter part of 1951. A delay of about a month is expected in the service date of one of these units due to difficulties previously encountered in obtaining construction steel and delayed deliveries of certain auxiliary equipment and other essential items.

First Half of 1952

Of nine units totalling 915,000 kw scheduled for service during this period, six units having a combined capacity of 580,000 kw are expected to be delayed. The delays, which range from one to four months, are reported in some cases to result from difficulties encountered in obtaining steel for field construction. In one case, delayed delivery of major equipment is reported. Also reported are delays in procuring essential components and other items.

Last Half of 1952

Of 24 units, totalling 2,335,000 kw, scheduled for service during this period, ten units with a combined capacity of over a million kilowatts are expected to be delayed for periods ranging from one to seven months. In all but one case, inability to obtain steel already allotted for field construction is mentioned among the causes for delay. In three cases extended delivery of major equipment is mentioned and in another three cases inability to obtain other essential equipment contributes to the delay.

First Half of 1953

The survey covered 21 units, totalling 2,526,000 kw scheduled for service during this period. Delays ranging from one to six months are expected in the scheduled service dates of seven of these units having a combined capacity of 886,000 kw. The cause of delay given in all cases is inability to obtain steel already allotted for field construction.



Last Half of 1953

Of 23 units, totalling 2,451,000 kw scheduled for service during this period, six units with a combined capacity of 726,000 kw are expected to be delayed. Estimated delays range from two to six months, the cause in five cases being failure to obtain allotted steel for field construction. In one case expected delay in delivery of major equipment is mentioned as a contributing factor, and in another, causes associated with material and equipment procurement are cited.

A summary of the results of the survey is shown in the accompanying table. In the case of 26 of the 30 units where delays in scheduled operating dates are expected, difficulty in obtaining allotted steel for field construction is given as wholly or partially responsible. In eight cases, late delivery of auxiliaries and other essential items is given as responsible or contributory to the delay. In only five cases extended delivery of major equipment is mentioned.

It seems apparent from this that the extent to which production of major equipment, especially steam generators, has and is continuing to fall behind because of lack of materials is not fully reflected in the results of the inquiry to the electric power systems. Also there are serious delays in the production of essential equipment such as motors, transformers, and switchgear which it appears will affect the scheduled completion of a greater number of projects than is indicated by the survey.

It is believed, therefore, that the magnitude and extent of delay indicated by this survey represents the minimum to be expected.



ESTIMATED DELAYS IN BRINGING IN NEW ELECTRIC GENERATING CAPACITY  
 BASED UPON INQUIRIES AS OF SEPTEMBER 1, 1951

<u>Scheduled for Operation</u>	<u>No. of Units</u>	<u>Total Capacity, kw</u>	<u>Expected to be Delayed</u>		<u>Causes of Delay</u>		
			<u>Capacity, kw</u>	<u>Extent of Delay, months</u>	<u>Steel for Field Construction</u>	<u>Extended Delivery of Major Equip.</u>	<u>Other Causes</u>
Sept. 1 thru Dec. 31, 1951	3	245,000	112,500	1	x		x
First Half of 1952	9	915,000	125,000	4	x		
			80,000	3		x	
			112,500	1	x		
			112,500	2	x		
			100,000	3	x		
			50,000	3			
			580,000	(6 units)			
Last Half of 1952	24	2,335,000	160,000	2	x		x
			125,000	3			x
			100,000	7	x		
			160,000	1	x		
			112,500	2	x		
			112,500	2	x		
			112,500	1	x		
			40,000	3	x		
			40,000	2	x		x
			50,000	3	x		
			1,012,500	(10 units)			
First Half of 1953	21	2,426,000	100,000	4	x		
			106,000	3	x		
			160,000	1	x		
			160,000	1	x		
			160,000	1	x		
			125,000	3	x		
			75,000	6	x		
						886,000	(7 units)
Last Half of 1953	23	2,451,000	160,000	3	x		x
			106,000	2	x		
			125,000	3	x		
			125,000	3	x		
			110,000	3			
			100,000	6	x		
						726,000	(6 units)
TOTAL	80	8,372,000	3,317,000	(30 units)	26	5	8



**PROSPECTS FOR DELIVERY  
OF HEAVY ELECTRIC POWER EQUIPMENT  
AS OF SEPTEMBER 1, 1951**

- Illustrations Presented By -

Walker Cisler, Chairman

EEI Electric Power Survey Committee

at the

Presidents' Conference

Hotel Biltmore - New York - September 12, 1951



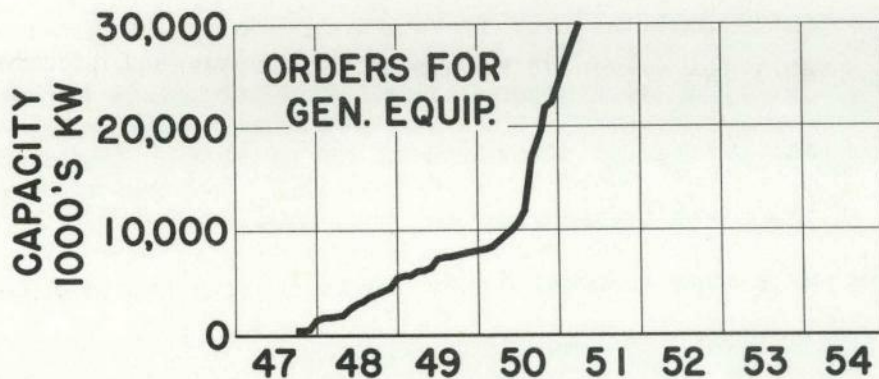
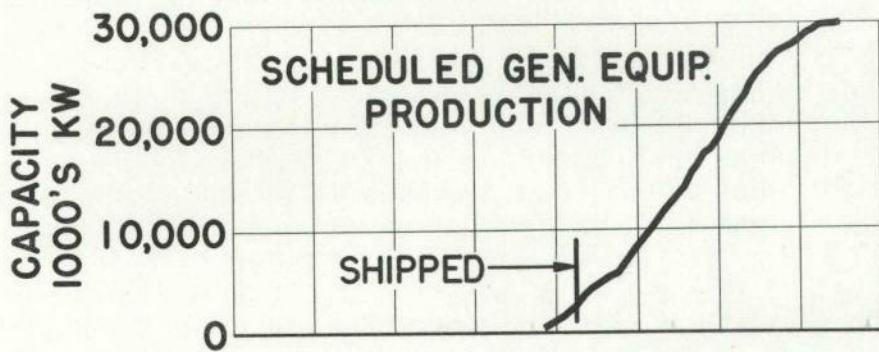
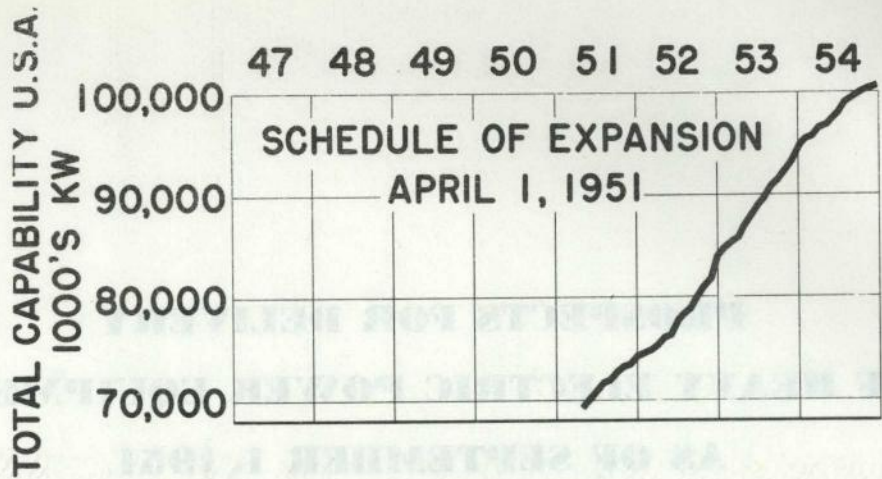


Fig. 1—Top curve, scheduled expansion of electric power systems as of April 1, 1951; Middle curve, scheduled production of thermal and hydraulic generating units, 4000 kw and larger, involved in the scheduled expansion; Bottom curve, time of placing orders for above generating units.



The top curve of Fig. 1 shows the schedule of expansion of capability of the country's electric power systems as of April 1, 1951, the time of the Ninth Semi-Annual Electric Power Survey conducted by the Electric Power Survey Committee of the Edison Electric Institute.

The curve is based upon the scheduled commercial operating dates of all new thermal and hydraulic electric generating units, 4000 kw and larger, which had been ordered and were scheduled, as of April 1, 1951, for service between that date and the end of 1954. As indicated, the schedule provided for increasing the nation's capability from a value less than 70,000,000 kw to over 100,000,000 kw, by the end of the period shown.

The curve does not include the capacity of additional generating equipment placed on order since April 1, 1951, some of which is scheduled for commercial operation before the end of 1954. This capacity has been omitted in order to show the situation as it existed April 1, 1951.

At that time, difficulties in obtaining materials for equipment manufacture and field construction had, in many cases, become serious but had not reached the point where the expansion of capability according to schedule was impossible. With an adequate supply of materials, delays already encountered could have been overcome and the schedule of expansion maintained. The importance of carrying out this expansion through proper provisions on the part of the Defense Agencies for a steady flow of required materials was strongly emphasized in the report of the Ninth Semi-Annual Survey.

The middle curve of Fig. 1 shows, in terms of name-plate capacity, the manufacturers' schedule for production of the steam turbine generators and water-wheel generators involved in the expansion of capacity shown in the top



curve. The middle curve is based upon the scheduled shipping dates of the units as of April 1, 1951.

As indicated, a portion of the capacity to go into service after April 1, 1951, had already been shipped. The curve shows a total of about 30,000,000 kw of capacity entering into the scheduled expansion shown in the top curve.

The bottom curve of Fig. 1 shows the manner in which the electric generating equipment represented by the middle curve was placed on order with the manufacturers. As indicated, some of the generating units entering into the expansion of capability scheduled for the period beyond April 1, 1951, were placed on order the latter part of 1947.

The shape of the curve shows that, with the development of international complications in Korea in early 1950, the electric power systems were quick to anticipate large increases in electric power requirements for defense purposes, and that they were prompt in increasing the rate of placing orders for new generating capacity. The curve does not include capacity placed on order since April 1, 1951, since this capacity is not included in the curves above it.

In all, Fig. 1 presents the record as it stood April 1, 1951. It shows that orders for 30,000,000 kw of capacity had been placed and that the manufacturers were able to schedule the production of this capacity at a rate permitting the expansion of capability of electric power systems to a value of over 100,000,000 kw by the end of 1954. The main purpose of these three curves is to serve as bench marks in judging subsequent actions and developments.



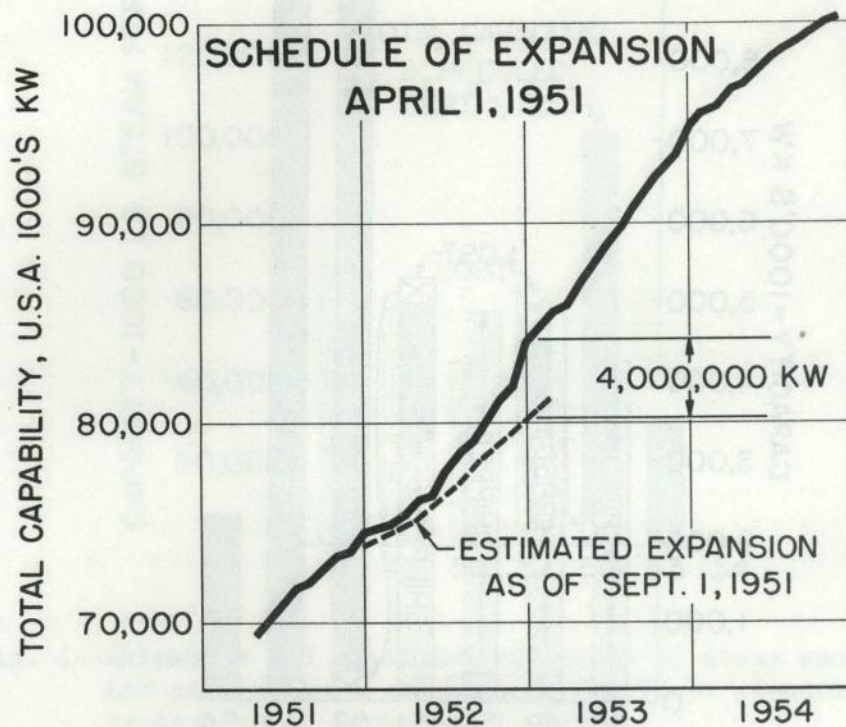


Fig. 2--Scheduled expansion of electric power systems as of April 1, 1951 and estimated deviation from schedule as of September 1, 1951.

Fig. 2, like the top curve of Fig. 1, shows the schedule of expansion of the electric power systems as of April 1, 1951. In addition, it shows that the actual expansion, as estimated September 1, 1951, will fall far short of the schedule. This is based upon losses already sustained in the manufacture of power plant equipment resulting from lack of materials and upon delays encountered in obtaining materials, principally structural steel, for the field construction of power plants.

The difference between actual capability at the end of 1952 and that which was scheduled as of April 1, 1951 is estimated as about 4,000,000 kw. If the present difficulties in obtaining necessary materials for both equipment manufacture and plant construction continue, the gap between actual and scheduled expansion will become progressively wider.



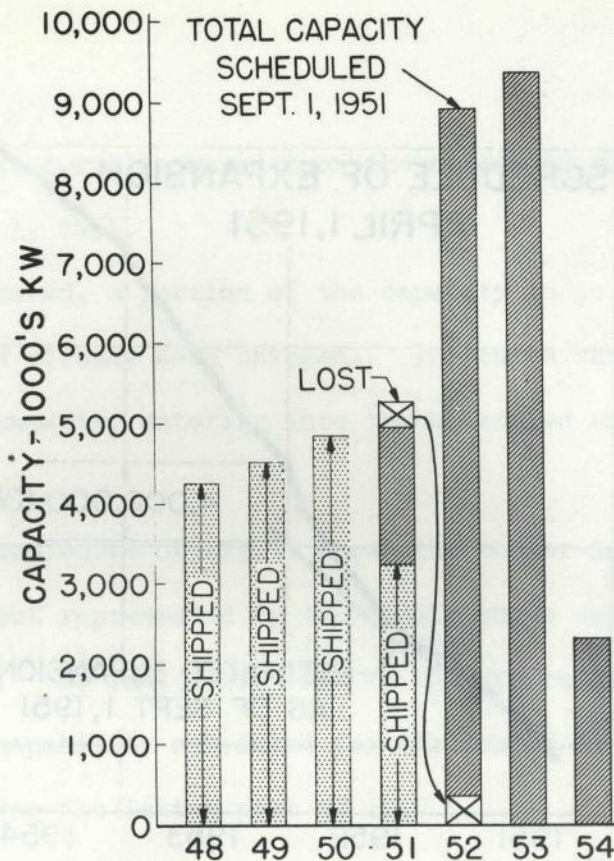


Fig. 3—Shipments and scheduled shipments of steam turbine generators, 4000 kw and larger, for U. S. electric power systems as of September 1, 1951.

Fig. 3 shows, for the years 1948 through 1954, the capacity of steam turbine generators shipped and on order and scheduled for shipment to the electric power systems of this country as of September 1, 1951.

The chart indicates that actual shipments during 1951 were expected to be less than originally scheduled and that the lost production must be absorbed in 1952. The extent of the loss in 1951 is presently estimated as about 500,000 kw, most of which is in steam turbine generators.



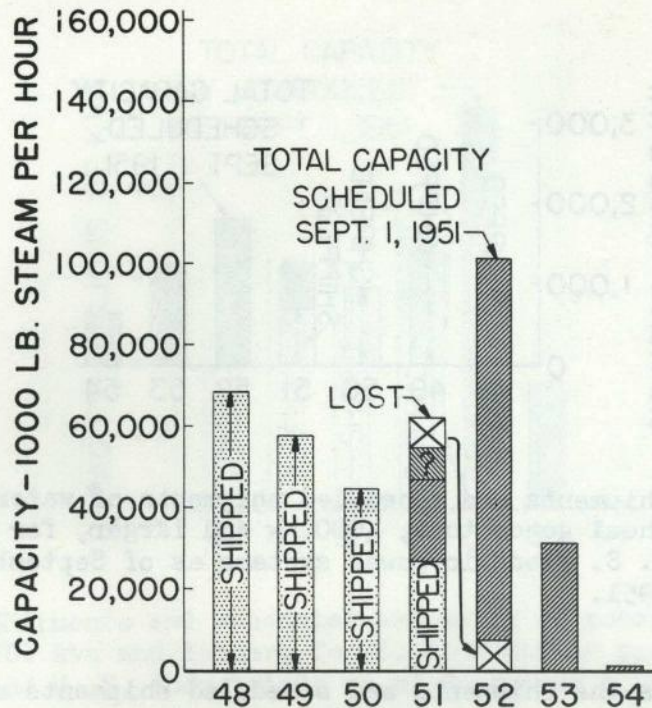


Fig. 4--Shipments and scheduled shipments of steam generators, 450 psi pressure and higher, for U. S. electric power systems as of September 1, 1951.

As indicated, production for 1951 will be less than originally scheduled, the magnitude of the loss being about 8,000,000 lb of steam per hour. This is based upon manufacturing time already lost because of inability of the manufacturers to obtain necessary materials in sufficient quantities. The loss, as shown, must be transferred to 1952, increasing the scheduled production for that year accordingly.

In addition, it is presently estimated that a further loss of about 8,000,000 lb of steam per hour in 1951 production will be experienced by the end of the year. The estimated loss is shown by the question mark on the chart. The estimate is based upon difficulties being experienced by the manufacturers in obtaining steel for fourth quarter use and upon related factors contributing to delays in completing shipments. Should this estimated additional loss be suffered, it will correspondingly increase the manufacturing load scheduled for 1952.



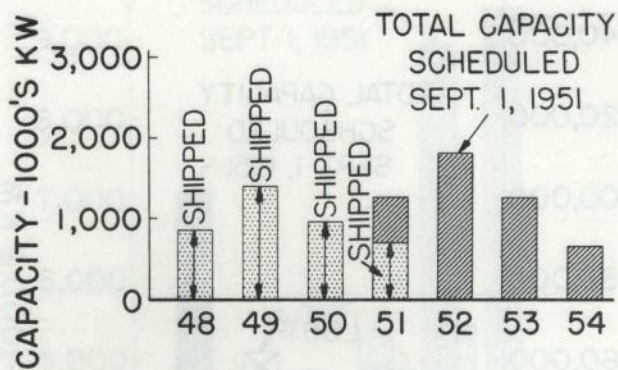


Fig. 5—Shipments and scheduled shipments of water-wheel generators, 4000 kw and larger, for U. S. electric power systems as of September 1, 1951.

Fig. 5 shows the shipments and scheduled shipments of water-wheel generators for the electric power systems as of September 1, 1951.

Production of this class of equipment is reported by the manufacturers to be approximately on schedule. If required materials continue to be made available, production is expected to go forward without delays.



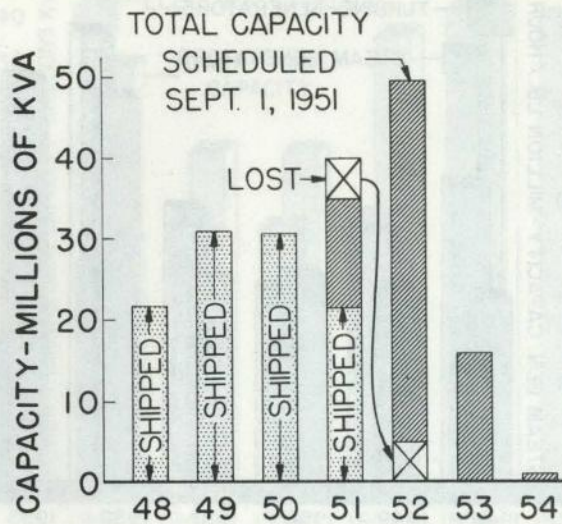


Fig. 6--Shipments and scheduled shipments of power transformers, 501 kva and larger, for U. S. electric power systems and U. S. industrials as of September 1, 1951.

Fig. 6 shows the shipments and scheduled shipments of power transformer capacity to the electric power systems and U. S. industrials. Approximately 80 per cent of the capacity shown is for the electric power systems.

It is estimated, as indicated, that 1951 production will fall short of the scheduled production by about 5,000,000 kva. This is based upon manufacturing time already lost because of lack of materials and upon the fact that materials allotments for the fourth quarter of 1951 are considerably below requirements. It is probable that the actual loss of production by the end of 1951 will be greater than presently estimated.

The transfer of lost production in 1951 into 1952 raises the scheduled production in 1952 to practically the limit of the capacity of existing manufacturing facilities.



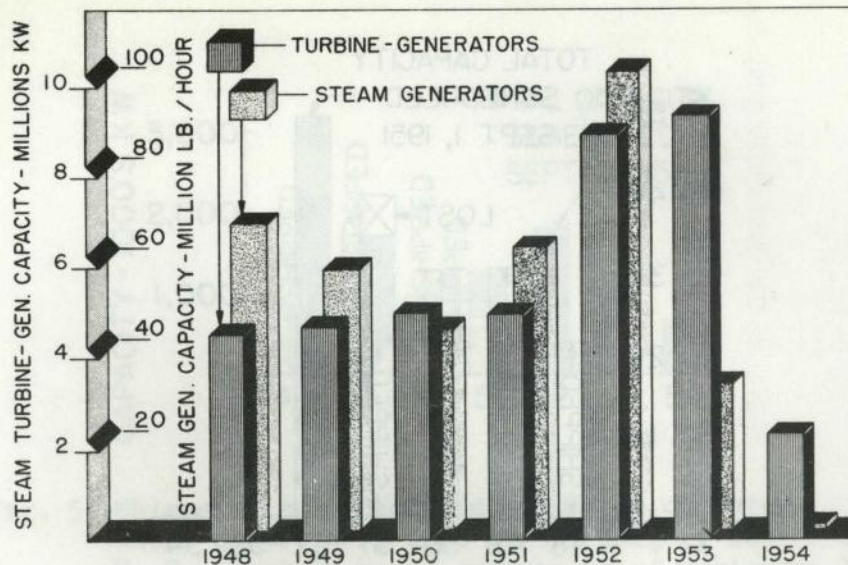


Fig. 7--Comparison of steam turbine-generator and steam generator capacity shipped and scheduled for shipment each year to U. S. electric power systems as of September 1, 1951.

The scales in the above Fig. 7 are drawn in the ratio of 10 lb of steam per hour per kilowatt of capacity. This is admittedly not truly representative for modern equipment but is selected as a matter of convenience.

The chart is not intended to indicate that the steam turbine-generators shipped or scheduled for shipment in a given year are directly associated with the steam generators shipped or scheduled for shipment in that year. The purpose of the chart is to show the relationship between the relative capacities year-by-year.

Viewed in this light, the chart indicates that, as of September 1, 1951, the amount of turbine generator capacity on order and scheduled for shipment in 1953 and 1954 greatly exceeds the amount of steam generator capacity. The apparent conclusion is that considerably more steam generator capacity remains to be placed on order to satisfy the turbine generator capacity now ordered.

With the serious delays being encountered in the manufacture of steam generators, it appears prudent that additional capacity required to operate steam turbine generators now scheduled for production be ordered promptly.



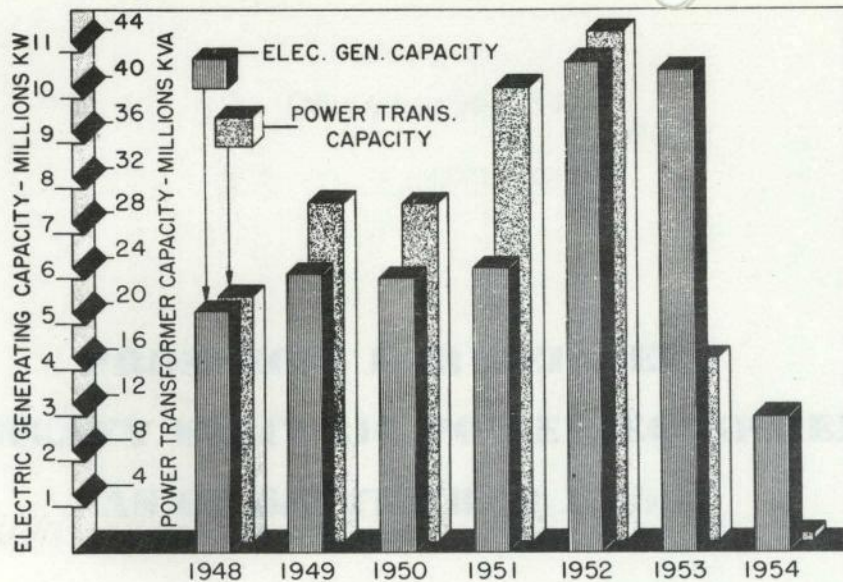


Fig. 8—Electric generating capacity shipped and scheduled for shipment each year to U. S. electric power systems compared with power transformer capacity shipped and scheduled for shipment to U. S. electric power systems and U. S. industrials as of September 1, 1951.

The capacity of electric generating equipment for Fig. 8 includes both thermal and hydraulic units for the U. S. electric power systems. The power transformer capacity includes that for the electric power systems and for the U. S. industrials. The two representations are not exactly comparable, therefore, to the extent that industrial transformers are included. These account for about 20 per cent of the power transformer capacity shown.

The scales are arranged on the basis of four kva of power transformer capacity to one kilowatt of generating capacity.

The chart indicates that the capacity of generating equipment on order greatly exceeds the capacity of power transformers on order. The schedule for production of power transformers in 1952 is closely approaching the limit of manufacturing capacity and lead time on orders for large transformers is increasing. In addition, production of power transformers is being seriously delayed because of inability of manufacturers to obtain sufficient materials to meet scheduled requirements. The importance of placing orders for additional power transformer capacity to be associated with the generating capacity now on order is, therefore, emphasized.







Procure

August 16, 1951

*Mr. Anderson*

Dear Mr. Diamond:

Due to Mr. Anderson's absence from the country until after Labor Day, I wish to acknowledge receipt of your letter of August 14 to which you attached a copy of "The Clearing House" containing an article on the European Payments Union. We are certain that upon Mr. Anderson's return, he will be very much interested in reviewing your article. Now that Mr. Anderson has spent several weeks travelling throughout Europe, contacting many important government and business executives, this article should be of more than normal interest to him.

Very truly yours,

Frank T. Shull, Jr.  
Loan Department

Mr. Walter H. Diamond  
Economist and Credit Manager  
The Public National Bank and  
Trust Company of New York  
37 Broad Street  
New York, N. Y.

FTSHULL:jd

Procurement



*Proced*

August 16, 1951

*Mr. Anderson*

Dear Mr. Cisler:

This will acknowledge receipt of your letter of August 13, to which you attached a copy of the Ninth Semi-Annual Survey dated April 1951, and the Interim Electric Power Survey dated July 1951. We feel certain that Mr. Anderson, on his return from Europe around September 1, will be extremely interested in the findings of the Interim Survey and no doubt will contact you shortly thereafter. We appreciate your forwarding this material to Mr. Anderson at this time.

Very truly yours,

Frank T. Shull, Jr.  
Loan Department

Mr. Walker Cisler  
Chairman  
Electric Power Survey Committee  
Edison Electric Institute  
1015 Chestnut Street  
Room 1212  
Philadelphia 7, Pa.

FTSHULL:jd

*Procurement*



*Procurement*

August 2, 1951

Dear Reg:

As of possible interest, I am attaching a Staff Loan Committee document on Policy on Foreign Requirements and Procurement. It is largely self-explanatory and I think that it needs no further comment from me other than the hope that its intent will be followed by those dealing with foreign requirements.

The circulation of this document has been on a confidential basis and has been limited to the members of the Staff Loan Committee of the Bank. This is the only copy which will be sent outside the Bank.

With kind regards,

Sincerely yours,

Charles C. Frick  
Loan Department

Enclosure

Mr. Charles R. Hersum  
Deputy Director  
Foreign Division  
National Production Authority  
Washington 25, D. C.

CCFRICK:jd



Procurement  
Files

Mr. H.S.G. Hoar  
St-Cristofers'  
Richmond Road,  
Horsham, Sussex, England

August 1, 1951

Mr. D. W. Mitchell  
Under-Secretary  
Ministry of Supply  
Room S 22, Shell Mex House  
London, England

My dear Mr. Mitchell,

Let me again thank you for the opportunity you have afforded to me to discuss various aspects of the Bank's procurement problems during the course of my visit to London recently. I look forward to further opportunities to exchange views with you and your associates on these matters from time to time.

*now sent to file* In the meantime, I thought you would be interested in seeing the attached memorandum which describes the irrigation project in Thailand and for which the Bank has made an eighteen million dollars loan. This memorandum is typical of the presentation which we make to the defense agencies and other appropriate units of the United States Government, so that they may have the opportunity of deciding the extent to which Government assistance may be made available where necessary to prevent serious and damaging delays from developing due to the tightness of the equipment market in the United States.

Because of the obvious contribution which this project will make to the food supplies of the south and east Asia area, it has received approval by NPA in Washington and will therefore be entitled as necessary to reasonable assistance in connection with the orders which have been placed with American manufacturers.

You will, I am sure, be interested in the procurement schedules (Table I) attached to the memorandum, which show the extent to which orders have been placed with manufacturers in the United Kingdom. This schedule summarizes the situation with respect to procurement as of about May 1951 and is subject to some date/day variation, particularly with respect to American equipment, as negotiations have continued between the representatives of the Thailand Government and the suppliers in the U.S.

I am mindful of the statements which you made to me concerning the present extent to which the Ministry of Supply can express views with regard to individual orders with manufacturers in the United Kingdom.



Nevertheless I would be very grateful if, after examining Table I, and in the light of the knowledge of the staff of the Ministry, you could express to me informally any thoughts which occurred to you as to the delivery of the equipment involved. For example if, for any reason, you might wish to suggest that any specific orders look more difficult than others, it might give use a useful pointer toward whatever expediting activity might seem to promise good results.

In the field of the workshop equipment which is Table V, I am especially interested in having your judgement because I know of the large orders which the United Kingdom has placed in various markets for machine tools incident to the defense problem.

I hardly need say that any judgements which you feel able to express to me will not in any sense be regarded as anything more than an informed opinion, but I am sure it will be an opinion far better than I am likely to obtain elsewhere. If it would be more convenient or appropriate, we could of course arrange to have some one from either Paris or Washington discuss the matter either with you or with Mr. McCloud, or others.

With your permission, I will send you in the future memoranda covering other projects, from time to time, as I promised during our discussion.

Please accept my renewed thanks for your courtesies, and my kindest regards.

Cordially yours,

S. W. Anderson  
Special Adviser to  
the Loan Department.

cc. Mr. Walter Hill, Paris  
Mr. Skillings, Paris  
Mr. Frank Shull, Washington  
Mr. A.S.G. Hoar, Horsham, Sussex.



*Procurement*

*files*

August 1, 1951

Mr. Craen  
Directeur Général  
Ministère des Affaires Economiques  
Square de Meus  
Brussels, Belgium

My dear Mr. Craen,

In the first place I should like to thank you very much for the very courteous reception which you gave to me last week and for the very interesting and enlightening discussion of the problems of procurement in Belgium. I was much encouraged by your understanding views with respect to the work of the Bank and your ready appreciation of the rather special position which the Bank occupies in the international field of economic development. I shall look forward with pleasure and interest to continuation of these discussions in the future.

In the meantime, I am enclosing herewith a memorandum describing the very interesting project in Thailand on which the Bank has made a loan of eighteen million dollars. This document is typical of those prepared for the purpose of informing certain member countries about projects which the Bank is financing and which require considerable amounts of equipment and materials in order to carry them out successfully.

This memorandum has been presented to the defense agencies of the United States Government which have approved the project because of its obvious effects upon the food supplies of the critical area of south-east Asia. This approval will thus make it possible for the Thailand Government, with the assistance of the Bank, to receive when necessary assistance in preventing serious delays from developing in the delivery of the required equipment to the extent that it has been ordered in the United States.

I think you will be particularly interested in Tables I and V which set forth in detail the procurement contracts which have been placed for the project. You will notice that a number of contracts have been placed in Belgium as well as other European countries. The tables to which I refer were prepared as of about April or May 1951, after decisions were made on the competitive tender, and are subject to some variation, particularly with respect to United States orders as negotiations have proceeded with the United States suppliers.



I am, of course, mindful of your statements concerning the lack of formal instruments of priority assistance in Belgium. Nevertheless, I would be most interested in your comments, or those of your staff, with respect to the orders for equipment and machinery placed in Belgium. Could you, in other words, offer any suggestions which might serve as an indicator to us as to the orders which might be fruitfully followed with the greatest attention? Needless to say, to the extent that the Ministry could indicate to the manufacturers an interest in the orders in question, I have no doubt that it would be extremely helpful also.

I shall look forward to the pleasure of sending you memoranda of this character, descriptive of other projects, from time to time. Needless to say I shall be very grateful indeed for any views and judgements which you may be able to give me. I shall be back in Washington toward the latter part of August.

Please accept my renewed thanks and my best regards.

Cordially yours,

S. W. Anderson  
Special Adviser to  
the Loan Department

cc. Mr. Walter Hill, Paris  
Mr. Skillings, Paris  
Mr. Frank Shull, Washington  
Mr. A.S.G. Hoar, Horsham, Sussex