

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 -
Negotiations - Volume 1

Folder ID: 1516825

Project ID: P037355

Dates: 03/12/1956 - 12/03/1958

Fonds: Records of the Europe and Central Asia Regional Vice Presidency

ISAD Reference Code: WB IBRD/IDA ECA

Digitized: 11/20/2018

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.




THE WORLD BANK
Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433



The World Bank Group
Archives
 1516825
 A1995-199 Other #: 16 Box # 193713B
 Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 -
 Negotiations - Volume 1


 GLOBE-WERNICKE
 PAT. No. USA 1484611
 MADE IN U. S. A

RETURN TO
 RECORDS CENTER

RETURN TO RECORDS CENTER
 CONTAINS ONLY
 PRE 1966 MATERIAL

**DECLASSIFIED
 WITH RESTRICTIONS
 WBG Archives**

ITEM 2

Proposed Loan - Austria

The next item is my Report and Recommendations (R 58-120, R 58-120/1 and R 58-116) on a proposed loan for the Aschach Project in Austria. I wish to call on the following to speak:

1. Mr. Collier - Loan Aspects
2. Mr. Jentgen - Economic Aspects
3. Mr. Finne - Technical Aspects

Mr. Chairman:

As orders for the imported goods have not yet been placed, we do not know exactly what currencies will be needed. In all probability most of the orders will be placed either in Germany or Switzerland. The rest of the loan would be used to cover expenditure in Austrian schillings.

The currency that the Bank will use will be decided in the light of the availability of currencies at the time of disbursement.

Recommended Action:

That the Executive Directors adopt the draft resolution attached to the report (R 58-120).

I hereby declare the loan in various currencies equivalent to \$25 million for the Aschach Project in Austria approved.

December 3, 1958

Gentlemen:

We thank you for your letter of October 22, 1958 enclosing your letter to potential investors. We have since learned from Dr. Haschek that the issue was very successful and was indeed oversubscribed. We should appreciate receiving from you a statement of the distribution of the new shares.

We also note the various changes which you are making in your statutes and we have no objection to them. We particularly welcome the addition of the authority to borrow in the internal market and we shall be very interested in any plans or ideas which you may have in this connection. We shall be writing again very shortly about some of the problems concerning the future operations of your company which we have been talking over with Dr. Haschek.

Yours sincerely,



Michael L. Lejeune
Assistant Director of Operations
Europe, Africa and Australasia

Österreichische Investitionskredit A.G.
Am Hof 4
Vienna
Austria

JHCollier:mea

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft)

Österr. Elektrizitätswirtschafts-A. G. Wien I, Am Hof 6

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

December 2, 1958

Ihre Zeichen

Ihre Nachricht vom

Unsere Zeichen

Wien I,
Am Hof 6

Betreff

Gentlemen:

We thank you for your letter of today concerning the information you wish to receive concerning our investment program and the bearing of Section 5.01 (a) of the Loan Agreement of even date between us on the use of funds available to the Verbundgesellschaft for this program during the period of construction of the Aschach Project.

We hereby agree to provide you with this information and we are glad to confirm that your letter also expresses our understanding of Section 5.01 (a).

Sincerely yours,

ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-
AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT)

By Dr. Wilfried Plater.
Authorized Representative

Vorsitzer des Aufsichtsrates: Sektionschef Dr. Karl Straubinger
Vorstand: Dr. Rudolf Stahl (Vorsitzer), Dipl.-Ing. Franz Hintermayer, Dr. Karl Kölliker, Dipl.-Ing. Dr. Oskar Vas

Telegrammadresse:
Verbundnetz

Telephon:
U 29-6-60 Serie

Fernschreiber:
Wien 1904

Bankkonto: Creditanstalt-Bankverein, Wien I, Schottengasse 6-8
Österreichische Länderbank Aktiengesellschaft, Wien I, Am Hof 2
Postsparkassenkonto: 18468



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

December 2, 1958

**Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)**
Wien I
Am Hof 6
Austria

Gentlemen:

We refer to our discussions of your investment program for the expansion of electric power production in Austria. Our appraisal of the financial position of your company in connection with the loan for the Aschach Project was based on an overall construction program for the years 1958-1963 costing approximately \$297 million equivalent and your company submitted to us financial forecasts for this program. In view of the possibility that this program may be altered or expanded we request that you provide us with revised forecasts of income and cash flow statements every twelve months which would incorporate any changes or additional projects which you may decide to undertake.

At the present time all the funds required for the execution of the present program can reasonably be expected to be available. However, there may be a temporary shortfall in the available financial resources which may compel your Company to postpone certain construction works. With regard to such an eventuality we should like to draw your attention to the fact that under Section 5.01 (a) of the Loan Agreement of even date between us, which requires the carrying out of the Project with "due diligence and efficiency," the completion of the Aschach Project has first claim on all the investment funds available to you and your affiliated companies and cannot be postponed because of the financial requirements of other parts of your program, except as mutually agreed between you and the Bank.

Sincerely yours,

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

By 
President



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

December 2, 1958

Republic of Austria

Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)

Österreichische Donaukraftwerke Aktiengesellschaft

Dear Sirs:

We are writing you with reference to the Loan Agreement (Aschach Project) between the Bank and the Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and the Österreichische Donaukraftwerke Aktiengesellschaft and the Guarantee Agreement between the Republic of Austria and the Bank, both of even date herewith, and to Sections 8.01 and 9.03 of Loan Regulations No. 4 of the Bank dated June 15, 1956.

We propose that Section 9.03 of Loan Regulations No. 4 be interpreted as if it read:

"Section 9.03. Effective Date. Except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date when the Bank shall dispatch to the Borrower and the Guarantor cables notifying them of its acceptance of the evidence required by Section 9.01."

The effect of this interpretation would be that notwithstanding the provisions of Section 8.01 of the Loan Regulations, the Loan and Guarantee Agreements would

become effective upon the dispatch of the cables by the Bank instead of upon their delivery to the recipients.

If you agree with this proposal please sign the form of confirmation on the enclosed copy of this letter and return it to us.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By 
President

CONFIRMED:

REPUBLIC OF AUSTRIA

ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-
AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT)

ÖSTERREICHISCHE DONAUAFTWERKE AKTIEN-
GESELLSCHAFT

By 
Authorized Representative
for each of the foregoing

Date December 2, 1958

ÖSTERREICHISCHE DONAUKRAFTWERKE AKTIENGESELLSCHAFT

December 2, 1958

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

Referring to the Loan Agreement (Aschach Project) of even date, there is attached hereto a List of Goods to be purchased out of the proceeds of the Loan to which we request your agreement in accordance with Section 3.01 of said Loan Agreement. In the event that the total value of goods to be imported changes we agree to inform you and to make a corresponding adjustment in the List of Goods.

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

Sincerely yours,

ÖSTERREICHISCHE DONAUKRAFTWERKE
AKTIENGESELLSCHAFT

By Dr. Wilfried Reiter
Authorized Representative

CONFIRMED:

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By Raymond P. Clark
President

Date December 2, 1958

LIST OF GOODS

	<u>U.S. Dollars</u>
I. <u>Goods to be imported</u>	
Turbines, electrical and mechanical equipment, various machines, tools and miscel- laneous items.	\$ 8,000,000
II. <u>Goods to be purchased in Austria</u>	
Miscellaneous goods paid for in the currency of the Guarantor or acquired within the territories of the Guarantor.	12,000,000
III. <u>Interest and other charges</u>	5,000,000
	<hr/>
Total	\$25,000,000
	<hr/> <hr/>

ÖSTERREICHISCHE DONAUKRAFTWERKE AKTIENGESELLSCHAFT

December 2, 1958

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

Referring to the Loan Agreement (Aschach Project) of even date, there is attached hereto a List of Goods to be purchased out of the proceeds of the Loan to which we request your agreement in accordance with Section 3.01 of said Loan Agreement. In the event that the total value of goods to be imported changes we agree to inform you and to make a corresponding adjustment in the List of Goods.

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

Sincerely yours,

ÖSTERREICHISCHE DONAUKRAFTWERKE
AKTIENGESELLSCHAFT

By Dr. Wilfried Plazek
Authorized Representative

LIST OF GOODS

	<u>U.S. Dollars</u>
I. <u>Goods to be imported</u>	
Turbines, electrical and mechanical equipment, various machines, tools and miscellaneous items.	\$ 8,000,000
II. <u>Goods to be purchased in Austria</u>	
Miscellaneous goods paid for in the currency of the Guarantor or acquired within the territories of the Guarantor.	12,000,000
III. <u>Interest and other charges</u>	5,000,000
	<hr/>
Total	\$25,000,000
	<hr/> <hr/>

AUSTRIAN EMBASSY
2343 MASSACHUSETTS AVENUE, N. W.
WASHINGTON 8, D. C.

REF. NO. _____

TELEPHONE DUPONT 7-2477

December 2, 1958

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

I refer to Section 3.01 of Article III of the Guarantee Agreement (Aschach Project) of even date between the Republic of Austria and International Bank for Reconstruction and Development.

In view of the broad scope of the term "agency" as used in this Section, I fear that the Section may interfere with the business of nationalized enterprises in Austria. These enterprises are organized as commercial corporations under the Austrian Corporation Law, are not included in the Government budget, and conduct their business along the lines of private companies.

My Government therefore requests your agreement under said Section 3.01 that said Section shall not apply to such enterprises which have been nationalized pursuant to the Nationalization Law No. 168 of July 26, 1946 (published in the Bundesgesetzblatt of September 16, 1946) and pursuant to the Second Nationalization Law No. 81 of March 26, 1947 (published in the Bundesgesetzblatt of May 10, 1947). It would be understood that in the unlikely contingency that the central gold and foreign exchange reserves of Austria were held by any such nationalized enterprise then the said Section would apply to that enterprise notwithstanding the foregoing agreement.

If you can give your agreement pursuant to this request, please do so by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

REPUBLIC OF AUSTRIA

By

Dr. Wilfried Platzer
Authorized Representative

December 2, 1958

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Gentlemen:

I refer to Section 3.01 of Article III of the Guarantee Agreement (Aschach Project) of even date between the Republic of Austria and International Bank for Reconstruction and Development.

In view of the broad scope of the term "agency" as used in this Section, I fear that the Section may interfere with the business of nationalized enterprises in Austria. These enterprises are organized as commercial corporations under the Austrian Corporation Law, are not included in the Government budget, and conduct their business along the lines of private companies.

My Government therefore requests your agreement under said Section 3.01 that said Section shall not apply to such enterprises which have been nationalized pursuant to the Nationalization Law No. 168 of July 26, 1946 (published in the Bundesgesetzblatt of September 16, 1946) and pursuant to the Second Nationalization Law No. 81 of March 26, 1947 (published in the Bundesgesetzblatt of May 10, 1947). It would be understood that in the unlikely contingency that the central gold and foreign exchange reserves of Austria were held by any such nationalized enterprise then the said Section would apply to that enterprise notwithstanding the foregoing agreement.

If you can give your agreement pursuant to this request, please do so by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Sincerely yours,

REPUBLIC OF AUSTRIA

By Dr. Wilfried Platzer
Authorized Representative

CONFIRMED:

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By J. R. Board
President

Date December 2, 1958



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-8360

CABLE ADDRESS-INTBAFRAD

December 2, 1958

**Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)**
Wien I
Am Hof 6
Austria

**Österreichische Donaukraftwerke
Aktiengesellschaft**
Wien I
Hehenstaufengasse 6
Austria

Gentlemen:

We refer to the Loan Agreement of even date between us and to Section 4.C1 (b) of Loan Regulations No. 4, as amended in Schedule 3 to the Loan Agreement, which provides in substance that you are entitled to make withdrawals from the Loan Account for portions of local expenditures for the Project. We propose that the portions for which you will be reimbursed be expressed in lump sums on the basis of present estimates of the amounts required for the Project, as follows:

The total amount to be withdrawn on account of local expenditures will be \$12 million. Of this total, amounts not exceeding the following may be withdrawn in the years shown:

In 1959 an amount not exceeding	\$ 5.6 million
In 1960 an amount not exceeding	\$ 3.2 million
In 1961 an amount not exceeding	\$ 1.9 million
In 1962 an amount not exceeding	\$ 0.7 million
In 1963 an amount not exceeding	\$ 0.6 million
Total	<u>\$12.0 million</u>

Amounts of no more than 25% of the respective yearly allocation may be withdrawn in each calendar quarter.

Expenditures in excess of allowable withdrawals may be carried forward, to form the basis for disbursement in a subsequent quarter. If in any calendar quarter an amount less than the maximum permissible for that quarter is withdrawn, the balance allocated to that quarter will be carried forward for disbursement in any subsequent quarter.

Applications for withdrawals to meet local expenditure should be accompanied by a statement of expenditures for the Project in the calendar quarter during which the expenditures for which withdrawal is requested were incurred, together with statements of accumulated expenditures on the Project and of total withdrawals since the Effective Date.

The aggregate amount withdrawn from the Loan Account may at no time exceed the total expenditures on the Project since the Effective Date.

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

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By 
President

CONFIRMED:

ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-
AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT)

By 
Authorized Representative

ÖSTERREICHISCHE DONAUKRAFTWERKE AKTIEN-
GESELLSCHAFT

By 
Authorized Representative

MEMORANDUM

1. During the negotiations in Washington for the Aschach Project Loan, the views of the Bank and a memorandum of the Verbundgesellschaft dated 3rd November, 1958, concerning the rate of return on the equity of the Verbundgesellschaft and its affiliated companies were discussed. It was agreed that under Section 5.08 of the Loan Agreement and Section 3.06 of the Guarantee Agreement, a reasonable rate of return on the equity taking one year with another is not less than the average cost of borrowed funds to the Verbundgesellschaft and its affiliated companies.

2. Representatives of the Verbundgesellschaft emphasized that since the time of the previous loan negotiations with the Bank, rates of the Verbundgesellschaft system had been increased by approximately 25.5% and that another application for an increase in rates at the present time might be impracticable. It was agreed, however, that it was the intention of the parties concerned that any adjustments in rates required under Section 5.08 of the Loan Agreement and Section 3.06 of the Guarantee Agreement should be made within a reasonable time so that taking one year with another the requirements of this Section would be met.

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

By Thomas P. Blunk
President

ÖSTERREICHISCHE ELEKTIZITÄTSWIRTSCHAFTS-
AKTIEGESELLSCHAFT (VERBUNDGESELLSCHAFT)

By Dr. Wilfried Platz
Authorized Representative

1. The Guarantor has taken notice of the above statement. It accepts the formula on a reasonable return on equity expressed therein to be in general economically justified and also to be applicable in principle in its territory, it being understood that its obligations determined in Article 3.06 of the Guarantee Agreement remain unchanged.

REPUBLIC OF AUSTRIA

By Dr. Wilfried Platz
Authorized Representative

December 2, 1958

OUTGOING WIRE

CLASS OF SERVICE: LETTER TELEGRAM

DATE: DECEMBER 2, 1958

TO: DR. REINHARD KAMITZ
FINANCE MINISTER
VIENNA

COUNTRY (AUSTRIA)

MM

TEXT:

A Cable No.

VERY SORRY I DIDN'T GET BACK TO WASHINGTON IN TIME TO SEE YOU HERE (STOP)
PLEASE ACCEPT MY WARMEST CONGRATULATIONS ON THE SUCCESSFUL OUTCOME OF
YOUR EXTERNAL FINANCING REGARDS

KNAPP
INTBAFRAD

JBK
J.B. Knapp/er

AUTHORIZED BY:

NAME: J. Burke Knapp
DEPT: Vice President

JBK

SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

Austria-Font
Mr. Coetier
FILES
210

INCOMING WIRE

DATE OF WIRE: **DECEMBER 1, 1958**

TO: **IBRD**

FROM:

WIEN

TEXT:

FS 2437

MR. FONTEIN

DANK FUER SCHREIBEN VOM 25.11 GEHE GANZ KONFORM

DR. KASTNER

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

ENCLOSURE: COPY OF TELETYPE MESSAGE.

DANIEL F. McNAMARA

VICE PRESIDENT

ALBERT FRANK-GUENTHER LAW, INC.
ADVERTISING-PUBLIC RELATIONS

131 CEDAR STREET, N. Y.
PHONE CORTLANDT 7-5060

D
R
A
F
T

FOR RELEASE: _____
November _____, 1958

Republic of Austria Registers \$25,000,000
Fifteen Year Bonds For Public Offering

- - - - -

Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co.
Would Head Underwriting

* * * * *

The Republic of Austria filed today () with the Securities and Exchange Commission a registration statement relating to \$25,000,000 External Sinking Fund Dollar Bonds due Dec. 1, 1973 which would be offered to the public about Dec. 3 by an underwriting group headed by Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. The bonds would be unconditional direct general obligations of the Republic of Austria. Principal of and interest on the issue would be payable in New York City in United States currency, or at the option of the bondholder, at fixed rates of exchange, in Vienna in Austrian schillings, in _____, in _____ and in Frankfurt in Deutsche marks.

It is expected that concurrently with the offering of the bonds the International Bank for Reconstruction and Development (World Bank) will agree to lend the equivalent of \$25,000,000 to the Austrian Electric Power Corporation and the Austrian Danube Power Works Corporation jointly, two Government-affiliated corporations.

(more)

Approximately one-half of the net proceeds of the sale of the bonds would be applied toward financing continuation of capital ^{expenditures} programs of the Republic, including electrification of the Federal railroads, automation of the Federal telephone system and construction of the 216-mile Vienna-Salzburg Autobahn. The remaining one-half of the proceeds of the sale of the bonds would be applied, as would be the entire proceeds of the World Bank loan, to financing, in part, construction of the proposed Aschach hydro-power project consisting of a dam on the Danube near the city of Linz and a generating plant to have a maximum total capability of 264,000 kilowatts.

-0-

~~???~~ ~~(...plus the following paragraph, if deemed desirable:~~

~~The bonds would not be redeemable prior to _____, 19 _____ except through operation of the sinking fund. The sinking fund, which would become operative in 19 _____, would retire _____ % of the issue prior to maturity.)~~

-0-

*Mr. L
Austria-Joint
M*

INCOMING WIRE

DATE OF WIRE: NOVEMBER 29, 1958 1350

TO: IERD

FROM: WIEN

ROUTING
ACTION COPY TO MR. COPE
INFORMATION COPY TO
Decoded By

TEXT:

Mr. Cope 808

YOUR CABLE AV 175 WASHINGTON DC 215/214 26 652P STOP DURING MY ABSENCE
 IN CONSEQUENCE OF NEGOTIATIONS CONCERNING WATERPOWER AUTHORIZATION ASCHACH
 VERBUNDGESELLSCHAFT INFORMED YOU THAT WE APPROVED YOUR PROPOSITION STOP
 WE HEREWITH CONFIRM APPROVAL

DONAUKRAFT MOSBAUER

*Rec'd Rec'd 10 45 A
12/1/58 MR*

DUPLICATE

Austria-Font

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 28, 1958

TO: KASTNER
FERSTELCASSE 1
VIENNA 9

MR

COUNTRY (AUSTRIA)

TEXT:

Cable No.

26^m?

THANK YOU YOUR CABLE NOVEMBER 27 WITH WHICH IN COMPLETE AGREEMENT

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D. J. Fontein

DEPT: Legal

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

JFK

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED

GENERAL FILES
CORRESPONDENCE

OUTGOING WIRE

CLASS OF SERVICE: NL

DATE: NOVEMBER 28, 1958

TO: TEUFENSTEIN
MINISTRY OF FINANCE
VIENNA

STAHL
VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA)

TEXT:

Cable No.

PROPOSAL FOR STANDBY HAS NOW BEEN DROPPED

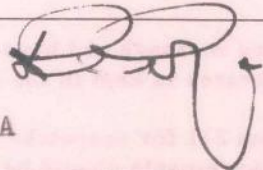
COPE

sent by R.L.A. Nov. 28

AUTHORIZED BY:


NAME: S. R. Cope

DEPT: Operations - EAA

SIGNATURE: 
(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

JHCollier:mea 

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

Austria - Bonn
Files 210

INCOMING WIRE

DATE OF WIRE: NOVEMBER 27, 1958. 17:40

TO: INTERNATIONAL BANK FOR
RECONSTRUCTION & DEVELOPMENT

FROM: VIENNA

ROUTING	
ACTION COPY TO	MR. COPE <i>[initials]</i>
INFORMATION COPY TO	<i>[initials]</i>
Decoded By	<i>[signature]</i>

TEXT:

ATTENTION COPE YOUR CABLE NOVEMBER 26 [✓] REPUBLIC OF AUSTRIA
 CONTEMPLATES TO RELEASE 50 ⁷⁶ PER CENT OF PROCEED OF LOAN TO
 VERBUNDGESELLSCHAFT THE FINANCE MINISTRY IS THEREFORE IN A
 POSITION TO SIGN ON BEHALF OF REPUBLIC OF AUSTRIA THE
 PROPOSED LETTER ADDRESSED TO BANK.

TEUFENSTEIN

*Mr. Cope -
Mr. Collier has seen me*

*Rec'd Edd 11/28 11 12 A
MR*

ORIGINAL

INCOMING WIRE

DATE OF WIRE: NOVEMBER 27, 1958.

16:30

TO: MR. COPE, INTERNATIONAL BANK FOR
RECONSTRUCTION & DEVELOPMENT
FROM: VIENNA

ROUTING
ACTION COPY TO MR. COPE
INFORMATION COPY TO <i>[Signature]</i>
Decoded By

TEXT:

~~*[Signature]*~~ 808

Please speak

IM EINVERNEHMEN MIT FINANZMINISTERIUM UND DONAUKRAFTWERKE SIND WIR
MIT DER ABSENDUNG DES VORGESCHLAGENEN BRIEFES BETREFFEND STAND BY
AGREEMENT EINVERSTANDEN.

[Signature]

VERBUNDNETZ

*Mr. Cope - Mr. Collier has seen.
MR*

*Rec'd Edd. 11¹²A
11/28 MR*

ORIGINAL

(not for public use)

Austrian Fund

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONFIDENTIAL

DECLASSIFIED

MAY 18 2018

WBG ARCHIVES

R 58-120/1

(For consideration by the
Executive Directors on
December 1, 1958)

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

FROM: The Secretary

November 26, 1958

PROPOSED LOAN - AUSTRIA

It is requested that the attached page be substituted for page 18 of the draft Loan Agreement which was circulated on November 24 as attachment 1 to the President's Report and Recommendations (R 58-120) on the Aschach Project.

Attachment

Distribution:

Executive Directors and Alternates
President
Vice Presidents
Department Heads

Sec. 58-439

SCHEDULE 2

Description of the Project

The Project consists of a hydro-electric power plant and related works to be located on the Danube at Aschach, about 30 kilometers upstream from the city of Linz. The dam structure to be built across the river will have a total length of 496 meters and will consist of a weir section equipped with five double leaf type gates, a powerhouse, a double navigation lock and an administration and maintenance building. The powerhouse will be equipped with four or five Kaplan type turbines, depending on the results of certain current cost and engineering studies. The turbines will operate under an average head of 15.5 meters and each drive a generator unit with a capacity of 66,000 kw if four turbines are installed, or 53,000 kw if five turbines are installed. The plant will in an average year produce 1,609 million kwh. Three-phase transformers with a total capacity of 328,000 kva will be installed, stepping up the generating voltage to 220 kv. An outdoor conventionally equipped switchyard will be provided. The plant will be connected to the existing network operated by the Verbundgesellschaft by a 34 kilometer 220 kv double circuit transmission line.

Two of the generating units are scheduled to come into operation by the middle of 1963 and the remaining units by the end of 1963.

Austria-Joint

OUTGOING WIRE

CLASS OF SERVICE: **NT**

DATE: NOVEMBER 26, 1958

TO: *1* | TEUFENSTEIN
 MINISTRY OF FINANCE
 VIENNA, AUSTRIA

2 | STAHL
 VERBUNETZ
 VIENNA, AUSTRIA

3 | MOSBAUER
 DONAUKRAFT
 VIENNA, AUSTRIA

COUNTRY (AUSTRIA)

Book of Two

TEXT:

Cable No.

IN VIEW OF MARKET CONDITIONS UNDERWRITERS NOW CONSIDERING DESIRABILITY OF
 STANDBY AGREEMENT WITH BANK FOR UP TO \$5 MILLION PRINCIPAL AMOUNT OF BONDS
 OF PUBLIC ISSUE STOP AUSTRIA WOULD NOT BE A PARTY TO THIS AGREEMENT AS
 PRESENTLY CONTEMPLATED BUT WE WOULD REQUIRE UNDERTAKING BY AUSTRIANS TO
 APPLY PROCEEDS OF STANDBY TO ASCHACH PROJECT STOP ACCORDINGLY IF SUCH
 AGREEMENT ENTERED INTO WE PROPOSE THAT LETTER ADDRESSED TO BANK BE SIGNED
 ON BEHALF OF REPUBLIC OF AUSTRIA VERBUNDGESELLSCHAFT AND DONAUKRAFTWERKE
 READING SUBSTANTIALLY AS FOLLOWS QUOTE IN CONSIDERATION OF YOUR ENTERING
 INTO THE STANDBY AGREEMENT OF EVEN DATE BETWEEN YOU AND KUHN, LOEB & COMPANY
 AND LADENBURG THALMANN & COMPANY COMMA ACTING ON BEHALF OF THEMSELVES AND
 THE OTHER SEVERAL UNDERWRITERS FOR THE ISSUE OF BLANK PERCENT EXTERNAL SINKING
 FUND DOLLAR BONDS 1958 OF THE REPUBLIC OF AUSTRIA COMMA WE HEREBY UNDERTAKE
 THAT AN AMOUNT EQUIVALENT TO THE NET PROCEEDS OF BONDS PURCHASED BY YOU
 PURSUANT TO SUCH STANDBY AGREEMENT SHALL BE MADE AVAILABLE FROM THE PROCEEDS
 OF THE BOND ISSUE AND BE APPLIED TO EXPENDITURES FOR THE ASCHACH HYDROELECTRIC

AUTHORIZED BY:

NAME: S. R. Cope *[Signature]*
 DEPT: Operations - Europe, Africa and Australasia
 SIGNATURE: *[Signature]*
 (Signature of individual authorized to approve cable).
 cc: Mr. Fontein

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

OUTGOING WIRE

CLASS OF SERVICE:

DATE:

TO:

-2-

COUNTRY (

TEXT:

Cable No.

POWER PROJECT UNQUOTE THIS AMOUNT COULD BE REGARDED AS PART OF
THE FIFTY PER CENT OF WHOLE PUBLIC ISSUE ALREADY ALLOCATED TO ASCHACH
STOP PLEASE CABLE SOONEST WHETHER YOU APPROVE

COE

(Cleared with Mr. Fontein)

AUTHORIZED BY:

NAME:

DEPT:

SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 26, 1958

TO: KASTNER
FERSTELGASSE 1
VIENNA 9

COUNTRY (AUSTRIA

non

TEXT:

Cable No.

YOUR TELETYPE NOVEMBER TWENTYSIX ALPHA CHANGES PROPOSED BY YOU IN
OPINIONS SATISFACTORY BETA WE ASSUME THAT IN CASE OF AMENDMENT OF
PREISREGELUNGSGESETZ OBLIGATIONS CONTAINED IN SECTION 3.06 GUARANTEE
AGREEMENT AND SECTION 5.08 LOAN AGREEMENT WOULD CONTINUE TO BE
VALID AND BINDING OBLIGATIONS ALTHOUGH THEIR FULFILMENT MIGHT
THEN BE DIFFICULT OR IMPOSSIBLE STOP GRATEFUL IF YOU COULD CONFIRM
THIS ASSUMPTION CORRECT AND COULD INCLUDE STATEMENT TO THAT EFFECT
IN OPINIONS

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. *reourlet*, *reurfive*, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

NOV 26 4 52 PM 1958

GENERAL FILES
CORRESPONDENCE

TYPED

ÖSTERREICHISCHE DONAUKRAFTWERKE
AKTIENGESELLSCHAFT

VORSTAND

Mr. Collier
c/o International Bank
for Reconstruction and
Development
1818, H Street, N.W.
Washington 25, D.C.

W. FILES - 210
(58 Op).
WIEN, 25. Nov. 1958
I., HOHENSTAUFENGASSE 6
TEL.: 63 47 11

Austria-Joint-

LUFTPOST
INGESCHRIEBEN

Dear Mr Collier,

as I learnt from your cable to Dr. Stahl the bank lending rate
remains five and three quarters percent. In the meantime I
received a letter of Mr. Fontein with the new amortization
table on this basis.

I thank you very much for your efforts and remain with kindly regards

Yours sincerely

Mosbauer

Mosbauer

Nov. 24/58

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 25, 1958

TO: VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA

mt

TEXT:

Cable No.

FOR STAHL RE YOUR TELETYPE NOVEMBER TWENTYFIVE STOP FIRSTLY IN ALPHA HAVE
 CHANGED 72,000 KW TO 66,000 KW AND 57,600 KW TO 53,000 KW STOP SECONDLY
 IN BETA HAVE CHANGED 360,000 KVA TO 328,000 KVA AND HAVE CHANGED PHRASE
 QUOTE STEPPING UP THE VOLTAGE FROM 13 OR 15 KV TO 220 KV UNQUOTE TO READ
 QUOTE STEPPING UP THE GENERATING VOLTAGE TO 220 KV UNQUOTE THIRDLY HAVE
 DELETED SENTENCE STARTING QUOTE THE MAXIMUM TOTAL CAPABILITY UNQUOTE
 BECAUSE NOT ABSOLUTELY NECESSARY AND POSSIBLY INCONSISTENT WITH PRECEDING
 SENTENCE STOP AIRMAILING NEW DESCRIPTION

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

NOV 25 3 17 PM 1958

GENERAL OFFICE
CORRESPONDENCE

DISPATCHED

Australia-Joint
FILES.
210

INCOMING WIRE

DATE OF WIRE: NOVEMBER 25, 1958

TO: MR. FONTEIN IBRD

FROM:
WIEN

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TEXT:

RE YOUR TELETYPE 187/183 24 702P ✓

FIGURES OF YOUR PROPOSAL ARE NOT CORRECT, PLEASE CHANGE AS FOLLOWS:

ALPHA THE POWERHOUSE WILL BE EQUIPPED WITH FOUR OR FIVE KAPLAN-TYPE TURBINES, DEPENDING ON THE RESULTS OF CERTAIN CURRENT COST AND ENGINEERING STUDIES. THE TURBINES WILL OPERATE ON AN AVERAGE HEAD OF 15,5 METERS AND EACH DRIVE A GENERATOR UNIT WITH A CAPACITY OF 66, 000 KW IF FOUR TURBINES ARE INSTALLED OR 53,000 KW IF FIVE TURBINES ARE INSTALLED

BETA THREE PHASE TRANSFORMERS WITH A TOTAL CAPACITY OF 328,000 KVA WILL BE INSTALLED, STEPPING UP THE VOLTAGE FROM 13 OR 15 KV TO 220 KV TWO OF THE GENERATING UNITS ARE SCHEDULED TO COME INTO OPERATION BY THE MIDDLE OF 1963 AND THE REMAINING UNITS BY THE END OF 1963

DR. STAHL

TYPED

GENERAL FILES
CORRESPONDENCE

NOV 25 11 00 AM 1958

MR. [Name]

[Faint, mostly illegible typed text, possibly a letter or report]

[Faint text line]

RE:

[Faint text]

[Faint text]

[Faint text]

[Faint text]

[Faint text]

[Faint text]

[Faint text]	[Faint text]
[Faint text]	[Faint text]
[Faint text]	[Faint text]
[Faint text]	[Faint text]

INCOMING MAIL

[Faint text]

[Faint text]

Austria -

OUTGOING WIRE

CLASS OF SERVICE: FULL RATE

DATE: NOVEMBER 25, 1958

TO: KASTNER
FERSTELGASSE 1
VIENNA 9

COUNTRY (AUSTRIA

mar

TEXT:

Cable No.

Legal

YOUR LETTER NOVEMBER EIGHTEEN ENCLOSING DRAFT OPINION GUARANTEE
AGREEMENT STOP ONLY COMMENT OF SUBSTANCE CONCERNS PART FIVE YOUR
OPINION DEALING WITH RATE COVENANT FOR WHICH REFER MY LETTER TO YOU
OF NOVEMBER TWENTYONE STOP LETTER FOLLOWS

✓

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: DJFontein:ea
DEPT: Legal

SIGNATURE: *Duclard Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

DISPATCHED
 GENERAL FILES
 CORRESPONDENCE
 NOV 25 10 43 AM 1958

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service
 Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
Full Rate
 Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
IBF Govt.
 This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala
Brazil	Dominican Republic	Honduras
Burma	Ecuador	Jordan
Chile	El Salvador	* Lebanon
* China	* Ethiopia	* Nicaragua
Colombia	* France	Pakistan
Costa Rica	Greece	Panama
		* Peru
		* Syria
		Uruguay
		Venezuela
		Yugoslavia

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.
Code
 Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.
Day Letter
 Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
Teletype
 To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).
 2. Address
 Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).
 3. Text
 Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.
 Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.
 Use common abbreviations whenever possible, i.e. reporter, five, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.
 4. Signature
 Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.
 5. Authorization
 Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatories is kept in the cable office.
 Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.
 ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

FILES. 210
Austria 213 up.

Thirty Wall Street
New York 5

KUHN, LOEB & CO.

November 25, 1958

S. R. Cope, Esq.
Director of Operations - Europe, Africa
and Australasia
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D. C.

~~A. Legerme~~ ✓
~~A. Collier~~ SJS

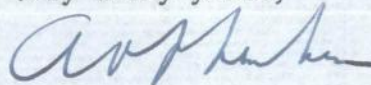
Dear Mr. Cope:

Austrian Signing

Confirming our conversation of this morning, this is to advise you that unless there should be some unforeseen change, the signing of the Purchase Agreement between the Austrian Government and the Underwriters and the Loan Agreements with the World Bank will be held at our office, Board Room, 9th Floor, at about 9:15 A.M. on Tuesday, December 2nd.

I trust that this arrangement is satisfactory and will give Mr. Black ample time for the Union of South Africa signing at Dillon, Read & Co., Inc.

Very truly yours,



Arthur Oppenheimer

Mr. Black's office notified
ME. 11/28

ijs



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date November 25, 1958	Document Type Letter			
Correspondents / Participants To: Dr. W. Kastner From: Douglas J. Fontein				
Subject / Title Draft of the legal opinion of the Guarantee Agreement				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

(R.C. 150x 30)

AUSTRIA - LN 213

STATUTORY LOAN COMMITTEE REPORT

To: The President, International Bank for Reconstruction and Development

Report of Loan Committee under Section 4(iii) of Article III of the Articles of Agreement on the Proposed Loan (Aschach Project) to Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and Österreichische Donaukraftwerke Aktiengesellschaft, to be guaranteed by the Republic of Austria

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4(iii) of Article III of said Articles in respect of the proposal that the Bank grant to Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and Österreichische Donaukraftwerke Aktiengesellschaft a loan in an amount in various currencies equivalent to U.S. \$25,000,000, which loan is to be guaranteed by the Republic of Austria. The purpose of this loan is to assist in financing the purchase of goods and services for the construction of the Aschach hydroelectric plant.

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the development of the productive facilities and resources of the Republic of Austria and is in the interests of the Republic of Austria and of the members of the Bank as a whole.

3. Accordingly, the Committee finds that said project merits financial assistance from the Bank, and hereby recommends said project for such assistance.

COMMITTEE

/s/ W.A.B. Iliff

/s/ Dr. Wilfried Platzer

/s/ S.R. Cope

/s/ Simon Aldewereld

/s/ A. Broches

/s/ Peter G. Ramm

Dated at Washington, D.C.

November 24, 1958



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date November 24, 1958	Document Type Board Record			
Correspondents / Participants				
Subject / Title Draft Resolution				
Exception(s)				
Additional Comments Declassification review of this record may be initiated upon request.		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

Herrn

Dr. Douglas J. Fontain
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Betrifft: Loan Agreement, Aschach Project.

Sehr geehrter Herr Fontein!

Zuerst bestätigen wir Ihnen unser an Sie abgegangenes
Fernschreiben mit folgendem Wortlaut:

"Zu dem mit Ihrem Schreiben vom 21. November 1958 heute
eingelangten Entwurf des Schreibens bezüglich Effektivwerdens des
"Loan and Guarantee Agreements", bestätigen wir Ihnen im Ein-
vernehmen mit dem Bundesministerium für Finanzen und der Öster-
reichischen Donaukraftwerke A.G. unser Einverständnis mit dem vollen
Textwortlaut."

Die Spezialvollmachten der Österreichischen Donaukraft-
werke A.G. und der Verbundgesellschaft, versehen mit den erforder-
lichen Beglaubigungen und mit den zugehörigen Amtsbestätigungen des
Handelsregisters Wien, sind heute per Luftpost an die Österreichische
Botschaft in Washington abgegangen. Einen Durchschlag dieses
./.. Schreibens samt Fotokopie der Anlagen schließen wir bei.

Im Sinne von Pkt. B, I, Zif. 4 Ihres Memorandums "of Things
do be Done" vom 12. November 1958, übermitteln wir ferner eine
./.. Fotokopie der Erklärung des Projektes Aschach zum bevorzugten
Wasserbau.

Wir werden bemüht sein, Ihnen auch die restlichen Unter-
lagen rechtzeitig übermitteln zu können und empfehlen uns Ihnen

hochachtungsvoll

DEC 1 10 1958
Österreichische
Elektrizitätswirtschafts-
Gesellschaft

Austria-Joint
Mr. Collier

FILES

INCOMING WIRE

DATE OF WIRE: NOVEMBER 24, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
FROM: WIEN

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TEXT:

SEHR GEEHRTER HERR DR. FONTEIN.

ZU DEM MIT IHREM SCHRIEBEN VOM 21. NOV. 1958 HEUTE EINGE-
LANGTEN ENTWURF DES SCHREIBENS BEZUEGLICH EFFEKTIVWERDENS DES
LOAN AND GUARANTEE AGREEMENTS, BESTAETIGEN WIR IHNEN IM EIN-
VERNEHMEN MIT DEM BUNDESMINISTERIUM FUER FINANZEN UND DER
OESTERREICHISCHEN DONAUKRAFTWERKE A.G. UNSER EINVERSTAENDNIS
MIT DEM VOLLEN TEXTWORTLAUF.

BESTE EMPFEHLUNGEN

VERBUNDNETZ DR. BURGERMEISTER

FS NR 2505

INCOMING WIRE

ROUTING
INFORMATION COPY TO
ACTION COPY TO
RECORDS &

DATE OF WIRE: NOVEMBER 24, 1958
 TO: INTERNATIONAL BUREAU FOR INVESTIGATION AND TRAINING
 FROM: WIRE
 TEXT:

THIS MESSAGE HAS BEEN RECEIVED
 BY THE BUREAU ON NOVEMBER 24, 1958 AT 12:36 PM
 THE MESSAGE IS BEING TRANSMITTED TO THE
 APPROPRIATE AGENCIES FOR THEIR INFORMATION
 AND ACTION. THE MESSAGE IS BEING
 TRANSMITTED TO THE BUREAU OF INVESTIGATION
 AND TRAINING AND TO THE BUREAU OF
 RECORDS AND COMMUNICATIONS.

DISPATCHED
 GENERAL FILMS
 CORRESPONDENCE

NOV 24 12 36 PM 1958

Austria-Font

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 24, 1958

TO: VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA

TEXT:

Cable No.

MAC
- Legal ✓

FOR STAHL ^{YOUR} LETTER NOVEMBER SEVENTEEN AND TELETYPE NOVEMBER TWENTYFOUR IN AGREEMENT WITH OPPENHEIMER PROPOSE FOLLOWING CHANGES IN PROJECT DESCRIPTION LOAN AGREEMENT ALPHA INSTEAD OF PRESENT THIRD SENTENCE INSERT QUOTE THE POWERHOUSE WILL BE EQUIPPED WITH FOUR OR FIVE KAPLAN TYPE TURBINES COMMA DEPENDING ON THE RESULTS OF CERTAIN CURRENT COST AND ENGINEERING STUDIES STOP THE TURBINES WILL OPERATE ON AN AVERAGE HEAD OF 15.5 METERS AND EACH DRIVE A GENERATOR UNIT WITH A CAPACITY OF 72,000 KW IF FOUR TURBINES ARE INSTALLED COMMA OR 57,600 KW IF FIVE TURBINES ARE INSTALLED UNQUOTE BETA INSTEAD OF PRESENT FIFTH SENTENCE INSERT QUOTE THREE-PHASE TRANSFORMERS WITH A TOTAL CAPACITY OF 360,000 KVA WILL BE INSTALLED COMMA STEPPING UP THE VOLTAGE FROM 15 KV TO 220 KV UNQUOTE GAMMA INSTEAD OF PRESENT LAST SENTENCE INSERT QUOTE TWO OF THE GENERATING UNITS ARE SCHEDULED TO COME INTO OPERATION BY THE MIDDLE OF 1963 AND THE REMAINING UNITS BY THE END OF 1963 UNQUOTE SINCE NO FURTHER CHANGES POSSIBLE AFTER TUESDAY/PLEASE CABLE SOONEST WHETHER THESE PROPOSALS CORRECT AND WHETHER YOU AGREE

Signed: FONTEIN
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein
DEPT: Legal

SIGNATURE: *D.J. Fontein*
(Signature of individual authorized to approve cable).

DJFontein:ea

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

(not for public use)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DECLASSIFIED

MAY 18 2018

WBG ARCHIVE CONFIDENTIAL

R 58-120

(For consideration by the
Executive Directors on
December 1, 1958)

Austria - Joint-
[Signature]
Files
210

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

FROM: The Secretary

November 24, 1958

PROPOSED LOAN - AUSTRIA

The attached President's Report and Recommendations on a proposed loan to the "Osterreichische Elektrizitätswirtschafts A.G. and the "Osterreichische Donaukraftwerke A.G. (Aschach Project) will be considered by the Executive Directors at a Special Meeting on Monday, December 1, 1958, the time of which will be announced.

The following form part of the President's Report and Recommendations:

1. Draft Loan Agreement;
2. Draft Guarantee Agreement;
3. Statutory Loan Committee Report;
4. Memorandum on "Present Economic and Financial Position of Austria";
5. Draft Resolution authorizing the Loan.

A report, "Appraisal of the Aschach Hydro Power Project - Austria" (R 58-116) was circulated on November 7, 1958.

Attachments

Distribution:

Executive Directors and Alternates
President
Vice Presidents
Department Heads

Sec. 58-432

Briefing
SM-169
November 28, 1958

ITEM 1

Stand-by for Austrian Public Issue

There have been some developments with regard to the Austrian joint operation which I should like to put before you. My report and recommendations concerning this operation has already been circulated to you and there I propose a loan of \$25 million to be made to the Austrian Verbundgesellschaft and the Donaukraftwerke for the Aschach project, the loan to be made simultaneously with a public issue by the Government. The underwriters have filed a registration statement with the Securities and Exchange Commission for an issue of \$25 million, of which approximately half would be used for the Government's public investment program and the remainder would be relent to the Verbundgesellschaft for the Aschach project.

Early in our discussions with Kuhn, Loeb and Company about this joint operation, some consideration was given to the possibility of an arrangement by which the Bank would agree to stand by to take a certain proportion of the bonds if they could not be sold to other investors. However, at that time, the underwriters believed that such an arrangement would not be necessary so that when I made my preliminary report to you on November 13, I did not mention it. But in the meantime there have been certain developments in the international field which have led the underwriters to believe that there may be some question as to whether the whole \$25 million can be disposed of. Consequently I was approached early this week both by

the underwriters and the Austrian Finance Minister, Dr. Kamitz, who asked whether the Bank would be ready to enter a stand-by agreement or to increase its loan in the event the issue could be only \$20 million. I said that I would be prepared to propose a stand-by agreement to the Executive Directors, and in the meantime, the underwriters are considering whether they want to ask the Bank for such an agreement. If they do, the stand-by would probably operate along the following lines.

The public issue would be for \$25 million which is the same amount as stated in the registration statement. The Bank would then undertake to purchase on the request of the underwriters up to an agreed principal amount of the bonds, for which we would pay a price equal to $1/4$ of a point above the price received by the borrowers and the underwriters would retain this quarter of a point. The Bank would receive a stand-by commission equal to 1% of the principal amount of any bonds not taken up under the agreement. For example, if we made an arrangement to stand by for \$5 million and had to take up \$3 million principal amount of bonds, our stand-by fee would be 1% of \$2 million--the difference between \$3 million and the maximum amount of our agreement to stand by of \$5,000,000. We would not enter into an arrangement of this sort for more than \$5 million (20% of the whole issue) and, in fact, the amount might be somewhat less.

If we were to agree to a stand-by, we would also obtain a statement from the Austrian Government, and the two power companies who are the co-borrowers of the Bank loan, that the proceeds of any bonds

purchased by the Bank would be used for the Aschach project. Since, in any event, the Government intends to relend about half of the whole issue for the Aschach project, no problem will arise in this respect.

If you have no objections in principle to the Bank entering a stand-by agreement along these lines, and if Kuhn, Loeb and Company wish to go ahead with it, the necessary legal documents will be submitted for consideration at the meeting on next Monday, December 1, at the same time as the Bank loan.

November 28, 1958

BRIEF FOR MR. BLACK

STAND-BY FOR AUSTRIAN PUBLIC ISSUE

There have been some developments with regard to the Austrian joint operation which I should like to put before you. My report and recommendations concerning this operation have already been circulated to you and there I propose a loan of \$25 million to be made to the Austrian Verbundgesellschaft and the Donaukraftwerke for the Aschach project, the loan to be made simultaneously with a public issue by the Government. The underwriters have filed a registration statement with the S.E.C. for an issue of \$25 million, of which approximately half would be used for the Government's public investment program and the remainder would be lent to the Verbundgesellschaft for the Aschach project.

Early in our discussions with Kuhn, Loeb and Company about this joint operation, some consideration was given to the possibility of an arrangement by which the Bank would agree to stand by to take a certain proportion of the bonds if they could not be sold to other investors. However, at that time, the underwriters believed that such an arrangement would not be necessary so that when I made my preliminary report to you on November 13, I did not mention it. But in the meantime there have been certain developments in the inter-

national field which have led the underwriters to believe that there may be some question as to whether the whole \$25 million can be disposed of. Consequently I was approached early this week both by the underwriters and the Austrian Finance Minister Dr. Kamitz who asked whether the Bank would be ready to enter a stand-by agreement or to increase its loan in the event the issue could be only \$20 million. I said that I would be prepared to propose a stand-by agreement to the Executive Directors, and in the meantime, the underwriters are considering whether they want to ask the Bank for such an agreement. If they do, the stand-by would probably operate along the following lines.

The public issue would be for \$25 million which is the same amount as stated in the registration statement. The Bank would then undertake to purchase on the request of the underwriters up to an agreed principal amount of the bonds, for which we would pay a price equal to $1/4$ of a point above the price received by the borrowers and the underwriters would retain this quarter of a point. The Bank would receive a stand-by commission equal to 1% of the principal amount of any bonds not taken up under the agreement. For example if we made an arrangement to stand by for \$5 million and had to take up \$3 million principal amount of bonds, our stand-by fee would be 1% of \$2 million--the difference between \$3 million and the maximum

amount of our agreement to stand by of \$5,000,000. We would not enter into an arrangement of this sort for more than \$5 million (20% of the whole issue) and, in fact, the amount might be somewhat less.

If we were to agree to a stand-by, we would also obtain a statement from the Austrian Government, and the two power companies who are the co-borrowers of the Bank loan, that the proceeds of any bonds purchased by the Bank would be used for the Aschach project. Since, in any event, the Government intends to relend about half of the whole issue for the Aschach project, no problem will arise in this respect.

If you have no objections in principle to the Bank entering a stand-by agreement along these lines, and if Kuhn, Loeb and Company wish to go ahead with it, the necessary legal documents will be submitted for consideration at the meeting on next Monday, December 1, at the same time as the Bank loan.

Austria - Joint

INCOMING WIRE

DATE OF WIRE: NOVEMBER 22, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM:

WIEN ✓

TEXT:

RE YOUR LETTER NOVEMBER 19 ✓ AND CABLE 20 ✓ STOP SIMPLIFIED PROCEDURE

BY DISPATCH OF CABLES ONLY PREFERABLE

WAGNER

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TYPED
GENERAL FILES
CORRESPONDENCE

NOV 24 10 28 AM 1958



ANCHER

RE DIRECTOR OF CIVIL SERVICE

RE JOHN F. KELLY MEMORANDUM TO THE CIVIL SERVICE BOARD CONCERNING PROCEEDINGS

DATE

TIME

FROM

VMD DEPARTMENT

TO

INVESTIGATION UNIT FOR PROSECUTION

TYPE OF MAIL

REGISTERED MAIL

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 24 1958	
FBI - BOSTON	

INCOMING MAIL

RECEIVED BY CIVIL SERVICE BOARD

RECEIVED BY THE DIRECTOR OF CIVIL SERVICE

Audina Font

November 21, 1958

Dr. Rudolf Stahl
Generaldirektor
Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)
Wien I
Am Hof 6
Austria

Dear Dr. Stahl:

I enclose herewith the draft of a letter referred to in my cable of November 20 concerning the manner in which the Loan and Guarantee Agreements will be made effective. This letter would be executed on December 2 at the signing of the Loan and Guarantee Agreements in New York.

I would appreciate your cabled confirmation that this letter meets with your approval.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

INCOMING WIRE

DATE OF WIRE: NOVEMBER 21, 1958
TO: MR FONTEIN
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
FROM: WIEN

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TEXT:

ALPHA WE AGREE TO SIMPLYFIED PROCEDURE BETA CONCERNING PROJECT
DESCRIPTION A LETTER OF DR STAHL IS AIR MAILED TO YOU ON 17TH
NOVEMBER
NONAUKRAFT MOSBAUER

INCOMING WIRE

DATE OF WIRE: _____

DATE OF WIRE: _____

RE: _____

TO: _____

FROM: _____

TYPE: _____

BY: _____

ROUTING
ACTION COPY TO: _____
INFORMATION COPY TO: _____
Checked By: _____

PLEASE BE AWARE TO REPLY TO THIS MESSAGE WITH CORRECTED MESSAGE
INDICATING A CHANGE OF THE MESSAGE TO YOU ON THE

RECEIVED

NOV 21 12 47 PM 1958

NOV 21 12 47 PM 1958

TYPED

GENERAL FILES
CORRESPONDENCE



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date November 21, 1958	Document Type Letter			
Correspondents / Participants To: Dr. W. Kastner From: Douglas J. Fontein				
Subject / Title Draft of the legal opinion on the proposed Loan Agreement				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

INCOMING WIRE

DATE OF WIRE: NOVEMBER 21, 1958

TO: FONTEIN
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
FROM: WIEN

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TEXT: YOUR CABLE NOVEMBER 20[✓] TH STOP SIMPLIFIED PROCEDURE IS AGREEABLE
TO US PLEASE SEND DRAFTED SIDE LETTER
TEUFENSTEIN

November 21, 1958

Dr. Hans Mosbauer
Generaldirektor
Österreichische Donaukraftwerke
Aktiengesellschaft
Wien I
Hohenstaufengasse 6
Austria

Dear Dr. Mosbauer:

I enclose herewith the draft of a letter referred to in my cable of November 20 concerning the manner in which the Loan and Guarantee Agreements will be made effective. This letter would be executed on December 2 at the signing of the Loan and Guarantee Agreements in New York.

I would appreciate your cabled confirmation that this letter meets with your approval.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 21, 1958

Dr. Wilhelm Teufenstein
Ministerialrat
Ministry of Finance
Wien I
Himmelfortgasse 8
Austria

Dear Dr. Teufenstein:

I enclose herewith the draft of a letter referred to in my cable of November 20 concerning the manner in which the Loan and Guarantee Agreements will be made effective. This letter would be executed on December 2 at the signing of the Loan and Guarantee Agreements in New York.

I would appreciate your cabled confirmation that this letter meets with your approval.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 21, 1958

Dr. Ernst Wagner
Kärntnerring 10
Vienna I, Austria

Dear Ernst:

I enclose herewith the draft of a letter referred to in my cable of November 20 concerning the manner in which the Loan and Guarantee Agreements will be made effective. This letter would be executed on December 2 at the signing of the Loan and Guarantee Agreements in New York.

I have sent copies of the draft letter to Messrs. Teufenstein, Stahl and Mosbauer and asked them to cable their agreement.

With kindest regards,

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 21, 1958

William J. Schrenk, Esq.
Cravath, Swaine & Moore
15 Broad Street
New York 5, New York

Dear Bill:

Enclosed please find a draft of a letter concerning the manner in which the Bank's Loan and Guarantee Agreements would be made effective. I have asked the Austrians to cable their reactions to the proposed letter as soon as possible. If they agree to this letter we would no longer have to resort to the complicated teletype procedure outlined in my Memorandum of Things to be Done dated November 12. I shall let you know as soon as we have heard from them.

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 21, 1958

Dr. Edgar Plan
Embassy of Austria
2343 Massachusetts Avenue, N.W.
Washington, D.C.

Dear Dr. Plan:

Enclosed please find a draft of a letter concerning the manner in which the proposed Loan and Guarantee Agreements for the Aschach Project would be made effective. We have sent this draft letter to Messrs. Teufenstein, Stahl and Mosbauer and asked for their cabled reaction. If they agree to this letter we would no longer have to resort to the complicated teletype procedure outlined in my Memorandum of Things to be Done dated November 12. I shall let you know as soon as we have heard from them.

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 21, 1958

Harold Manheim, Esq.
Wachtell Manheim & Grouf
15 Broad Street
New York 5, New York

Dear Harold:

Enclosed please find a draft of a letter concerning the manner in which the Bank's Loan and Guarantee Agreements would be made effective. I have asked the Austrians to cable their reactions to the proposed letter as soon as possible. If they agree to this letter we would no longer have to resort to the complicated teletype procedure outlined in my Memorandum of Things to be Done dated November 12. I shall let you know as soon as we have heard from them.

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 20, 1958

TO: MOSBAUER
DONAUKRAFT
VIENNA

mar

COUNTRY (AUSTRIA

TEXT:

Cable No. ✓

ALPHA LETTER DATED NOVEMBER NINETEEN AND ENCLOSED MEMORANDUM NOW IN MAIL TO YOU PROPOSES IOAN AND GUARANTEE AGREEMENTS BE MADE EFFECTIVE UPON NOTIFICATION BY TELETYPE TO EACH BORROWER AND GUARANTOR AND IMMEDIATE ACKNOWLEDGEMENT FROM THEM BY SAME MEANS STOP SUCH IMMEDIATE ACKNOWLEDGEMENT WOULD SATISFY SECTION 8.01 OF LOAN REGULATIONS REQUIRING DELIVERY OF NOTIFICATION STOP TO SIMPLIFY PROCEDURE WE NOW PROPOSE AGREEMENTS BE MADE EFFECTIVE UPON DESPATCH OF CABLES BY BANK WITHOUT NEED OF ACKNOWLEDGEMENT THUS AVOIDING POSSIBLE DELAY IN EFFECTIVENESS AND CLOSING OF PUBLIC ISSUE DUE TO COMMUNICATION DIFFICULTIES STOP ACCORDINGLY DRAFTING SIDE LETTER PROVIDING FOR SUCH SIMPLIFIED PROCEDURE WHICH AIRMAILING TO YOU STOP PLEASE CABLE IF SIMPLIFIED PROCEDURE AGREEABLE IN WHICH CASE DISREGARD TELETYPE PROCEDURE STOP BETA FOR PROJECT DESCRIPTION LOAN AGREEMENT PLEASE CABLE SOONEST WHETHER DECISION REACHED FOUR OR FIVE UNITS

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *D.J. Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

NOV 20 5 58 PM 1958

DISPATCHED
GENERAL FILES
CORRESPONDENCE

*Austria - Im 213
np.*

OUTGOING WIRE

CLASS OF SERVICE: **LT**

DATE: **NOVEMBER 20, 1958**

TO: **STAHL
VERBUNDNETZ
VIENNA**

MAF

COUNTRY (**AUSTRIA**)

TEXT:

Cable No.

V

ALPHA LETTER DATED NOVEMBER NINETEEN AND ENCLOSED MEMORANDUM NOW IN MAIL TO YOU PROPOSES LOAN AND GUARANTEE AGREEMENTS BE MADE EFFECTIVE UPON NOTIFICATION BY TELETYPE TO EACH BORROWER AND GUARANTOR AND IMMEDIATE ACKNOWLEDGEMENT FROM THEM BY SAME MEANS STOP SUCH IMMEDIATE ACKNOWLEDGEMENT WOULD SATISFY SECTION 8.01 OF LOAN REGULATIONS REQUIRING DELIVERY OF NOTIFICATION STOP TO SIMPLIFY PROCEDURE WE NOW PROPOSE AGREEMENTS BE MADE EFFECTIVE UPON DESPATCH OF CABLES BY BANK WITHOUT NEED OF ACKNOWLEDGEMENT THUS AVOIDING POSSIBLE DELAY IN EFFECTIVENESS AND CLOSING OF PUBLIC ISSUE DUE TO COMMUNICATION DIFFICULTIES STOP ACCORDINGLY DRAFTING SIDE LETTER PROVIDING FOR SUCH SIMPLIFIED PROCEDURE WHICH AIRMAILING TO YOU STOP PLEASE CABLE IF SIMPLIFIED PROCEDURE AGREEABLE IN WHICH CASE DISREGARD TELETYPE PROCEDURE STOP BETA FOR PROJECT DESCRIPTION LOAN AGREEMENT PLEASE CABLE SOONEST WHETHER DECISION REACHED FOUR OR FIVE UNITS

Fontein

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:
 NAME: **D.J. Fontein**
 DEPT: **Legal**
 SIGNATURE: *D. J. Fontein*

(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

* Peru	Guatemala	Cuba	Bolivia
* Syria	Honduras	Dominican Republic	Brazil
Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	* France	Colombia
	Panama	Greece	Costa Rica

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address
Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text
Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.
Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.
Use common abbreviations whenever possible, i.e. reouter, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature
Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.
5. Authorization
Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.
Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.
ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED
GENERAL FILES
CORRESPONDENCE
NOV 20 5 58 PM 1958

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 20, 1958

TO: WAGNER
KÄRNTNERRING 10
VIENNA I

OKR

COUNTRY (AUSTRIA

TEXT:

Cable No. ✓

LETTER DATED NOVEMBER NINETEEN AND ENCLOSED MEMORANDUM NOW IN MAIL TO YOU PROPOSES LOAN AND GUARANTEE AGREEMENTS BE MADE EFFECTIVE UPON NOTIFICATION BY TELETYPE TO EACH BORROWER AND GUARANTOR AND IMMEDIATE ACKNOWLEDGEMENT FROM THEM BY SAME MEANS STOP SUCH IMMEDIATE ACKNOWLEDGEMENT WOULD SATISFY SECTION 8.01 OF LOAN REGULATIONS REQUIRING DELIVERY OF NOTIFICATION STOP TO SIMPLIFY PROCEDURE WE NOW PROPOSE AGREEMENTS BE MADE EFFECTIVE UPON DESPATCH OF CABLES BY BANK WITHOUT NEED OF ACKNOWLEDGEMENT THUS AVOIDING POSSIBLE DELAY IN EFFECTIVENESS AND CLOSING OF PUBLIC ISSUE DUE TO COMMUNICATION DIFFICULTIES STOP ACCORDINGLY DRAFTING SIDE LETTER PROVIDING FOR SUCH SIMPLIFIED PROCEDURE WHICH AIRMAILING TO YOU STOP PLEASE CABLE IF SIMPLIFIED PROCEDURE AGREEABLE IN WHICH CASE DISREGARD TELETYPE PROCEDURE

FONTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

DISPATCHED
GENERAL FILES
CORRESPONDENCE

NOV 20 5 58 PM 1958

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:
 Letter Telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
 Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
 IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.
 Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.
 Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
 Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).
 3. Text Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.
 Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.
 Use common abbreviations whenever possible, i.e. reounter, reurlive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.
 4. Signature Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.
 5. Authorization Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.
 Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.
 ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 20, 1958

TO: TEUFENSTEIN
FINANZMINISTERIUM
VIENNA

mar

COUNTRY (AUSTRIA

TEXT:

Cable No.

LETTER DATED NOVEMBER NINETEEN AND ENCLOSED MEMORANDUM NOW IN MAIL TO YOU PROPOSES LOAN AND GUARANTEE AGREEMENTS BE MADE EFFECTIVE UPON NOTIFICATION BY TELETYPE TO EACH BORROWER AND GUARANTOR AND IMMEDIATE ACKNOWLEDGEMENT FROM THEM BY SAME MEANS STOP SUCH IMMEDIATE ACKNOWLEDGEMENT WOULD SATISFY SECTION 8.01 OF LOAN REGULATIONS REQUIRING DELIVERY OF NOTIFICATION STOP TO SIMPLIFY PROCEDURE WE NOW PROPOSE AGREEMENTS BE MADE EFFECTIVE UPON DESPATCH OF CABLES BY BANK WITHOUT NEED OF ACKNOWLEDGEMENT THUS AVOIDING POSSIBLE DELAY IN EFFECTIVENESS AND CLOSING OF PUBLIC ISSUE DUE TO COMMUNICATION DIFFICULTIES STOP ACCORDINGLY DRAFTING SIDE LETTER PROVIDING FOR SUCH SIMPLIFIED PROCEDURE WHICH AIRMAILING TO YOU STOP PLEASE CABLE IF SIMPLIFIED PROCEDURE AGREEABLE IN WHICH CASE DISREGARD TELETYPE PROCEDURE

Fontein

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram

Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate

Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt.

This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code

Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter

Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype

To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBARRAD" is registered in Paris, Bogota, Bangkok, Karachi, Lima, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

4. Signature

Use common abbreviations whenever possible, i.e. *recourly*, *reurtive*, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. *Airmail*, *New York*, *enduse*.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office. Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours. ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED
GENERAL FILES
CORRESPONDENCE
NOV 20 5 55 PM 1958

OFFICE MEMORANDUM

TO: FILES

FROM: J.H. Collier

SUBJECT: Austria

DATE: November 20, 1958

1. After the circulation of the preliminary President's Report and the Technical Report on the Aschach project to the Executive Directors, I received phone calls from Dr. Donner and Mr. Gragnani enquiring about Dabaklamm. Both wanted to know whether Dabaklamm was included in the present Verbundgesellschaft program. I explained that Dabaklamm--sometimes referred to as Dorfertal-Huben--was not included in the four so-called "priority projects" referred to in the Technical Report, but was one of the three other projects which the Verbundgesellschaft wished to undertake if it could obtain the necessary capital. Since, after examining the Verbundgesellschaft's program, the Bank decided to finance the Aschach project, the Verbundgesellschaft had not requested a loan for Dabaklamm. These enquiries perhaps arise from the Verbundgesellschaft's discussions with power companies in Germany and Italy over the possibility of raising money for Dabaklamm.

2. Dr. Donner also asked about the Berliner Handelsgesellschaft loan and I gave him a brief account of what had happened including the Bank's decision to waive its rights under the negative pledge clause for a DM 100 million loan from the BHG. Finally he told me he had received a letter from Bonn in which it appeared that the German authorities were still worrying about the possibility of German guarantees for Bank loans for Austrian power projects. I said that we were not financing a border project, or even an "Interalpen" project, and no question of a guarantee from Germany had arisen.

J. H. Collier

cc: Mr. Cope
Mr. Fontein
Mr. Spottswood

*Austria - Dabaklamm
Copy in Austria - External
borrowing*


Mr. W.A.B. Liff

November 19, 1958

M. L. Lejeune

AUSTRIA - Interest Rate for Forthcoming Aschach Loan

1. When the Austrian negotiators left Washington they had been told that the Bank's lending rate would be 6% and it is likely that this has been reported to Dr. Kamitz. Since you are seeing him tonight, I thought you might like to give him the welcome news that the rate will, after all, be only 5 3/4%. We have cabled Vienna today to inform all concerned.


JHCollier:vmc

DECLASSIFIED

MAY 18 2018
WBG ARCHIVES

STAFF LOAN COMMITTEE

Archives
CONFIDENTIAL

Austria-Joint

MEMORANDUM TO THE STAFF LOAN COMMITTEE

Austria

1. As no new policy questions are involved, the Committee is requested to consider the attached draft Report and Recommendations of the President on the proposed loan for the Aschach project, without meeting.

2. Side letters on:

- (i) the Verbundgesellschaft's investment program and priority of funds for the Aschach project
- (ii) the Verbundgesellschaft's confirmation of their understanding of (i)
- (iii) List of Goods
- (iv) rate of withdrawal
- (v) Sec. 3.01 of the Guarantee Agreement
- (vi) external debt

and memorandum on

- (vii) rate of return

are attached for information.

3. Comments, if any, should be sent to reach Mr. Collier (ext. 3757) by noon on Friday, November 21.

4. It is planned then to distribute the loan documents (excepting the side letters and memorandum mentioned in para. 3 above) to the Executive Directors for consideration at a special meeting to be called for Monday, December 1.

Herbert G. A. Woolley
Secretary
Staff Loan Committee

November 19, 1958



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date November 19, 1958	Document Type Letter			
Correspondents / Participants To: Dr. Ernst Wagner From: Douglas J. Fontein				
Subject / Title Proposed refunding operation				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

November 19, 1958

Dr. Walther Kastner
Wien 9
Ferstelgasse 1
Austria

Dear Dr. Kastner:

I enclose herewith a revised Memorandum of Things to be Done dated November 12, 1958, for the proposed Aschach Loan and a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6, which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of 5-3/4%. This rate was set within the last few days as the current rate for the Bank's loans.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 19, 1958

Dr. Edgar Plan
Embassy of Austria
2343 Massachusetts Avenue, N.W.
Washington, D.C.

Dear Dr. Plan:

Enclosed please find the latest drafts of the Loan and Guarantee Agreements and the various side documents for the Aschach Project, together with a copy of Loan Regulations No. 4 of the Bank, dated June 15, 1956. There is also enclosed a revised Memorandum of Things to be Done dated November 12, 1958, in connection with the signing and effectiveness of the Aschach Project Loan.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosures

DJFontein:ea

V o l l m a c h t

Die Bundesregierung der Republik Österreich hat beschlossen, namens der Republik Österreich mit der Internationalen Bank für Wiederaufbau und Wirtschaftsförderung ein Garantieabkommen zu dem Anleihevertrag dieser Bank mit der Österreichischen Elektrizitätswirtschafts Aktiengesellschaft (Verbundgesellschaft) und der Österreichischen Donaukraftwerke Aktiengesellschaft abzuschliessen.

Zu diesem Zweck hat der Bundeskanzler

Herrn Dr. Reinhard KAMITZ,
Bundesminister für Finanzen,

Herrn Dr. Wilfried PLATZER,
ausserordentlichen und bevollmächtigten
Botschafter,

Herrn Dr. Johannes PROKSCH,
Legationsrat,

und

Herrn Dr. Eduard SCHILLER,
Generalkonsul,

zu Bevollmächtigten ernannt und jeden für sich allein, ohne dass er der Mitzeichnung der übrigen Bevollmächtigten bedürfte, ermächtigt, namens der Republik Österreich das oben erwähnte Abkommen und damit zusammenhängende Dokumente zu unterzeichnen.

ZU URKUND DESSEN hat der Bundeskanzler die vorliegende Vollmacht unterzeichnet und mit dem Staatssiegel der Republik Österreich versehen lassen.

Geschehen zu Wien, den 19. November 1958.

Der Bundeskanzler:

Julius Raab

November 19, 1958

Harold Manheim, Esq.
Wachtell Manheim & Grouf
15 Broad Street
New York 5, New York

Dear Harold:

Enclosed please find a revised Memorandum of Things to be Done dated November 12, 1958, for the proposed Aschach Loan. There is also enclosed a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6, 1958, which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of 5-3/4%. This rate was set within the last few days as the current rate for the Bank's loans.

With kindest regards,

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 19, 1958

Franz M. Oppenheimer, Esq.
1828 Jefferson Place, N.W.
Washington, D.C.

Dear Franz:

Enclosed please find a revised Memorandum of Things to be Done dated November 12, 1958, for the proposed Aschach Loan. There is also enclosed a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6, 1958, which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of 5-3/4%. This rate was set within the last few days as the current rate for the Bank's loans.

With kindest regards,

Sincerely yours,

Douglas J. Fontein

Enclosure

DJFontein:ea

November 19, 1958

Dr. Rudolf Stahl
Generaldirektor
Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)
Wien I
Am Hof 6
Austria

Dear Dr. Stahl:

I enclose two copies each of a revised Memorandum of Things to be Done in connection with the signing and effectiveness of the Aschach Loan, and of a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6 which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of 5-3/4%. This rate was set within the last few days as the current rate for the Bank's loans.

In the Memorandum of Things to be Done I would like to draw your particular attention to the following: first, in the Powers of Attorney to be executed by the Verbundgesellschaft and the Donaukraftwerke (Attachments 2 and 3 to the Memorandum), the name of Dr. Kamitz has now been deleted, on the assumption that he will not be in New York for the signing on December 2. Secondly, the procedure for the Effective Date set out on page 6 of the Memorandum will differ from past practice in that the Bank will notify the Verbundgesellschaft, the Donaukraftwerke and the Finance Ministry by teletype (Fernschreiber) of the effectiveness of the Loan and Guarantee Agreements rather than by cable as was done in the past, and will request an immediate acknowledgement by each of these institutions by teletype. It is important that this acknowledgement be sent by teletype to the Bank in Washington immediately upon receipt of the notice since without this acknowledgement it will not be possible to complete the closing for the sale of the bonds of the public issue. You can expect the teletyped notice from the Bank at about 4 p.m. Vienna time on December 9 and I would be most grateful if you could take the necessary steps to provide for immediate acknowledgement in the manner set forth above.

I am also writing to Messrs. Teufenstein, Mosbauer, Kastner and Wagner on the above matters.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosures
DJFontein:ea

November 19, 1958

Dr. Hans Mosbauer
Generaldirektor
Österreichische Donaukraftwerke
Aktiengesellschaft
Wien I
Hohenstaufengasse 6
Austria

Dear Dr. Mosbauer:

I enclose two copies each of a revised Memorandum of Things to be Done in connection with the signing and effectiveness of the Aschach Loan, and of a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6 which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of 5-3/4%. This rate was set within the last few days as the current rate for the Bank's loans.

In the Memorandum of Things to be Done I would like to draw your particular attention to the following: first, in the Powers of Attorney to be executed by the Donaukraftwerke (Attachment No. 2 to the Memorandum), the name of Dr. Kamitz has now been deleted, on the assumption that he will not be in New York for the signing on December 2. Secondly, the procedure for the Effective Date set out on page 6 of the Memorandum will differ from past practice in that the Bank will notify the Verbundgesellschaft, the Donaukraftwerke and the Finance Ministry by teletype (Fernschreiber) of the effectiveness of the Loan and Guarantee Agreements rather than by cable as was done in the past, and will request an immediate acknowledgement by each of these institutions by teletype. It is important that this acknowledgement be sent by teletype to the Bank in Washington immediately upon receipt of the notice since without this acknowledgement it will not be possible to complete the closing for the sale of the bonds of the public issue. You can expect the teletyped notice from the Bank at about 4 p.m. Vienna time on December 9 and I would be most grateful if you could take the necessary steps to provide for immediate acknowledgement in the manner set forth above.

I am also writing to Messrs. Teufenstein, Stahl, Kastner and Wagner on the above matters.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosures
DJFontein:ea

November 19, 1958

Dr. Wilhelm Teufenstein
Ministerialrat
Ministry of Finance
Wien I
Himmelpfortgasse 8
Austria

Dear Dr. Teufenstein:

I enclose two copies each of a revised Memorandum of Things to be Done in connection with the signing and effectiveness of the Aschach Loan, and of a new Amortization Schedule and Schedule of Premiums on Prepayment and Redemption for the draft Loan Agreement dated November 6 which I sent you under cover of my letter dated November 10. The new Amortization Schedule and Schedule of Premiums are based on an interest rate of $5\frac{3}{4}\%$. This rate was set within the last few days as the current rate for the Bank's loans.

In the Memorandum of Things to be Done I would like to draw your particular attention to the following: first, in the Full Power to be executed by the Federal Chancellor (Attachment No. 4 to the Memorandum) the name of Dr. Kamitz has now been deleted, on the assumption that he will not be in New York for the signing on December 2. Secondly, the procedure for the Effective Date set out on page 6 of the Memorandum will differ from past practice in that the Bank will notify the Verbundgesellschaft, the Donaukraftwerke and the Finance Ministry by teletype (Fernschreiber) of the effectiveness of the Loan and Guarantee Agreements rather than by cable as was done in the past, and will request an immediate acknowledgement by each of these institutions also by teletype. It is important that this acknowledgement be sent by teletype to the Bank in Washington immediately upon receipt of the notice since without this acknowledgement it will not be possible to complete the closing for the sale of the bonds of the public issue. You can expect the teletyped notice from the Bank at about 4 p.m. Vienna time on December 9 and I would be most grateful if you could take the necessary steps to provide for immediate acknowledgement in the manner set forth above.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosures
DJFontein:ea

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: NOVEMBER 19, 1958

TO: TEUFENSTEIN
MINISTRY OF FINANCE
VIENNA

Mar

COUNTRY (AUSTRIA)

TEXT:

Cable No.

BANK LENDING RATE REMAINS FIVE AND THREE QUARTERS PERCENT STOP
NEW DRAFT AGREEMENTS WITH AMORTIZATION TABLE ON THIS BASIS MAILED
TO YOU TODAY

COLLIER

Signed:

[Handwritten signature]

AUTHORIZED BY:

NAME: JHCollier

DEPT: Operations - EAA

SIGNATURE:

JHCollier:vmc

cc: Mr. Cope, Mr. Fontein,
Mr. Spottswood, Mr. Rutland

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

* Peru	Guatemala	Cuba	Bolivia
* Syria	Honduras	Dominican Republic	Brazil
Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	France	Colombia
	Panama	Greece	Costa Rica

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 2008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Beirut, Rio de Janeiro, Bogota, and Guatemala City. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Exr. 2008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and double space between lines. If punctuation is needed, spell out the words "Comma," "Stop," etc.

4. Signature

Use common abbreviations whenever possible, i.e. reoulet, reurtive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 210 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 2008.

DISPATCHED
GENERAL FILES
CORRESPONDENCE
NOV 19 5 55 PM 1958

OUTGOING WIRE

CLASS OF SERVICE: **LT**

DATE: **NOVEMBER 19, 1958**

TO: **STAHL
VERBUNDNETZ
VIENNA**

mar

COUNTRY (**AUSTRIA**)

TEXT:

Cable No.

**BANK LENDING RATE REMAINS FIVE AND THREE QUARTERS PERCENT STOP
NEW DRAFT AGREEMENTS WITH AMORTIZATION TABLE ON THIS BASIS MAILED
TO YOU TODAY.**

COLLIER

[Handwritten signature]

AUTHORIZED BY:

NAME: **JHCollier** *JH Collier*

DEPT: **Operations - EAA**

SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

JHCollier:mea

cc: Mr. Cope, Mr. Fontein, Mr. Spottswood, Mr. Rutland

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address
 Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBARFAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text
 Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

4. Signature
 Use common abbreviations whenever possible, i.e. reoulet, reurive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.

Type in last name of sender. Use INTBARFAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization
 Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED
 GENERAL CORRESPONDENCE
 NOV 19 5 55 PM 1958

VORSTAND

S P E Z I A L V O L L M A C H T

Die ÖSTERREICHISCHE DONAUKRAFTWERKE AKTIENGESELLSCHAFT,
Wien I., Hohenstaufengasse 6, bevollmächtigt hiemit.

Herrn Dr. Wilfried P l a t z e r,
außerordentlicher und bevollmächtigter Botschafter,

Herrn Dr. Johannes P r o k s c h,
Legationsrat,

und

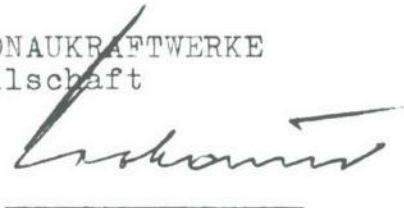
Herrn Dr. Eduard S c h i l l e r,
Generalkonsul

jeden für sich allein, ohne daß er der Mitzeichnung der
übrigen Bevollmächtigten bedürfte, für sie einen Anleihe-
vertrag (LOAN AGREEMENT, Aschach Project) mit der INTER-
NATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, 1818
H Street, N.W., Washington 25, D.C., rechtsverbindlich
abzuschließen, bzw. zu unterzeichnen, in ihrem Namen alles
und jedes vorzukehren, was zum Abschluß dieses Vertrages
nötig und zweckmäßig erscheint, diesbezügliche Schrift-
stücke zu übernehmen und deren Empfang rechtswirksam zu
bestätigen.

ÖSTERREICHISCHE DONAUKRAFTWERKE
Aktiengesellschaft



Böhmer

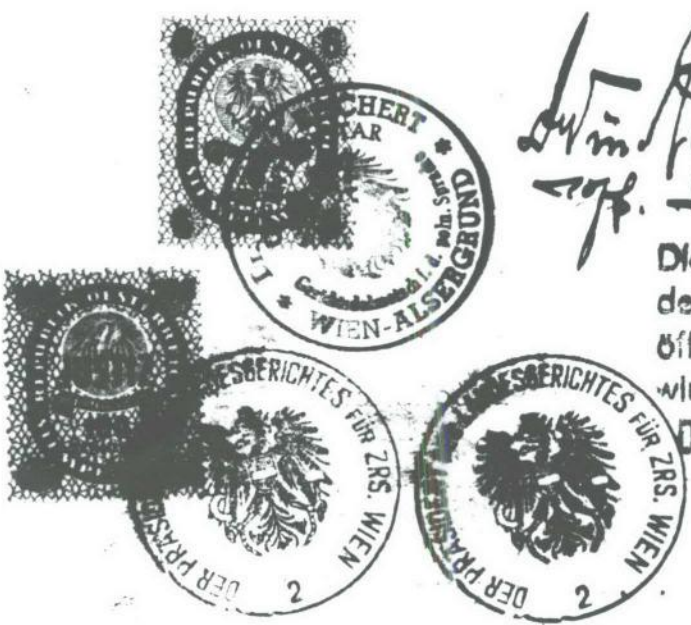


Mosbauer

BEGLAUBIGUNGEN

B. R. Z. 1.908/1958

Die Echtheit der umstehenden Firmazeichnungen der Herren Dipl. Ing. Hans B ö h m e r und Hanns M o s b a u e r als Vorstandsmitglieder der Firma Österreichische Donaukraftwerke Aktiengesellschaft in Wien 1., Hohenstaufengasse Nr. 6, wird hiemit bestätigt. - - - - - W i e n , am achtzehnten November neunzehnhundertachtundfünfzig. -



*Vinzenz Reichert
not. Loren*

1637/58

Die Echtheit der vorstehenden Unterschrift des Herrn Vinzenz Reichert öffentlichen Notars im hierortigen Sprengel wird beurkundet.

Der Präsident des Landesgerichtes für ZRS
Wien, am 20. Nov. 1958

V. Oberbauer

Die Echtheit der vorstehenden Unterschrift und des Amtssiegels wird bestätigt.

Wien, am 20. Nov. 1958
BUNDESKANZLERAMT
Auswärtige Angelegenheiten



Ad. Back

REPUBLIC OF AUSTRIA
CITY OF VIENNA
EMBASSY OF THE
UNITED STATES OF AMERICA

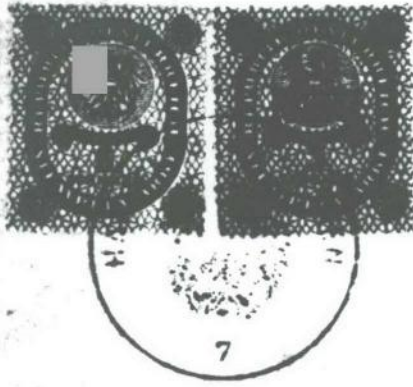
I, **RICHARD STRAUS**, ~~Vice~~ Consul of the United States of America at Vienna, Austria, duly commissioned and qualified, do hereby certify that **ADOLT BACK** who authenticated the foregoing instrument was, at the time he signed this certificate an official of the Austrian Federal Chancery, Department for Foreign Affairs, authorized to perform such service.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the American Embassy at Vienna, Austria, this 20th day of **NOVEMBER, 1958**.

Vienna, AUSTRIA Nov. 20, 1958
Service/Receipt No. 7123
Tariff Item No. 48
Fee Paid: U.S. \$ 2.50
Local CY equiv. 65.50

Richard Straus
RICHARD STRAUS
Consul of the
United States of America

verwaltungsabgabe
von S. 15 - entrichtet



Amtsbestätigung

Das gefertigte Gericht bestätigt, daß die Herren
Dipl. Ing. Hans Böhmer, Direktor, Wien und
Hanns Mosbacher, Direktor, Wien,
beide Vorstandsmitglieder

am 18. November 58 berechtigt war en _____ und heute noch

laut des derzeitigen Standes des Handelsregisters — ~~Genossenschaftsregisters~~ —
berechtigt sind (ist), die in diesem Register eingetragene Firma _____

„Österreichische Donaukraftwerke Aktiengesellschaft“

kollektiv rechtsverbindlich zu zeichnen
~~selbständig rechtsverbindlich zu zeichnen~~

Stg Sitz der Firma ist Wien.

Handelsgericht Wien

Geschäftsabteilung 7
I, Riemergasse 7

am 19. Nov. 1958 19



Chyman

Justizeberkontrollor

DIREKTION

S P E Z I A L V O L L M A C H T

Die OESTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AKTIEN-
GESELLSCHAFT, Wien I., Am Hof Nr. 6, (Verbundgesellschaft), be-
vollmächtigt hiemit

Herrn Dr. Wilfried P l a t z e r,
ausserordentlichen und bevollmächtigten Botschafter,

Herrn Dr. Johannes P r o k s c h,
Legationsrat

und

Herrn Dr. Eduard S c h i l l e r,
Generalkonsul

jeden für sich allein, ohne daß er der Mitzeichnung der übrigen
Bevollmächtigten bedürfte, für sie einen Anleihevertrag (LOAN
AGREEMENT, Aschach Project) mit der INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT, 1818 H Street, N.W. Washington 25,
D.C., rechtsverbindlich abzuschließen, bzw. zu unterzeichnen, in
ihrem Namen alles und jedes vorzukehren, was zum Abschluß dieses
Vertrages nötig und zweckmäßig erscheint, diesbezügliche Schrift-
stücke zu übernehmen und deren Empfang rechtswirksam zu bestätigen.

OESTERREICHISCHE
ELEKTRIZITÄTSWIRTSCHAFTS-
AKTIENGESELLSCHAFT



B.R.Z. 1907/1958

Die Echtheit der vorstehenden Firmazeichnungen der Herren
Direktoren Dr. Karl K ö l l i k e r und Dipl. Ing. Franz
H i n t e r m a y e r, als Vorstandsmitglieder der Firma
"Österreichische Elektrizitätswirtschafts-Aktiengesell -

Wien I., 18. November 1958

Am Hof 6, Tel. 63-07-71

Dr. Bg/Ko

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft)

Die Gesellschaft in Wien I., Am Hof Nr. 6, wird hiermit bestätigt.

Wien, am achtzehnten November neunzehnhundertachtundfünfzig.

Die ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AKTIE-GESELLSCHAFT, Wien I., Am Hof Nr. 6, (Verbundgesellschaft), be-



Handwritten signature: Dr. Franz J. J. J. J.

Die Echtheit der vorstehenden Unterschriften des Herrn Dr. Franz J. J. J. J. wird hiermit öffentlichem Notars im hiesigen Amt bestätigt.

Der Präsident des Landesrates für ZRS Wien, am 20. Nov. 1958

beden für sich allein, ohne das Bewilligen der übrigen

Asbach Project) mit der INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT, 1818 H Street, N.W. Washington 25,

in D.C. Die Echtheit der vorstehenden Unterschriften, bzw. zu unterzeichnen, in

ihrem Namen alles wird bestätigt.

Vertrag über die wirtschaftliche Zusammenarbeit, die Abschlüsse dieses

Vertrages zu bestätigen. Die Echtheit der vorstehenden Unterschriften zu bestätigen.



BUNDESKANZLERAMT Auswärtige Angelegenheiten

Handwritten signature: R. Bach

REPUBLIC OF AUSTRIA CITY OF VIENNA EMBASSY OF THE UNITED STATES OF AMERICA

I, RICHARD STRAUS

United States of America at Vienna, Austria, duly commissioned and qualified, do hereby certify that the B.R.Z. 1907/1958

who authenticated the foregoing instrument was, at the time of the signing of this certificate an official of the Austrian Federal Chancery, Department of Foreign Affairs, authorized to perform such service.

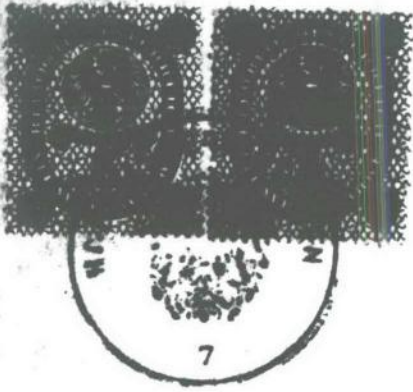
IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the American Embassy at Vienna, Austria, this 20th day of NOVEMBER, 1958

Vienna, AUSTRIA, NOV. 20, 1958 Service/Receipt No. 7129 Tariff Item No. 48 Fee Paid: U.S. \$ 2.50 Local CY equiv. 65.50

Richard Strauss RICHARD STRAUS Consul of the United States of America

Verwaltungsabgabe von 8 52 entrichtet

Amtsbestätigung



Das gefertigte Gericht bestätigt, daß die Herren
Dr. Karl Kölliker, Kaufmann, Wien und Direktor Dipl. Ing.
Franz Hintermayer, Wien, beide als Vorstandsmitglieder

am 18. November 1958 berechtigt war en und heute noch

laut des derzeitigen Standes des Handelsregisters — ~~Genossenschaftsregisters~~ —
berechtigt sind (ist), die in diesem Register eingetragene Firma
Österreichische Elektrizitätswirtschafts-Aktiengesellschaft

kollektiv rechtsverbindlich zu zeichnen
~~selbständig rechtsverbindlich zu zeichnen~~

Sitz der Firma ist Wien.

Handelsgericht Wien

Geschäftsverteilung 7
I, Riemergasse 7

am 19. Nov. 1958 19



Justizoberkontrollor

Austria-Font

OUTGOING WIRE

CLASS OF SERVICE: FULL RATE

DATE: NOVEMBER 18, 1958

TO: HERMANN
VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA

MRF

EXT:

Cable No.

AIRMAILING YOU TODAY TEN COPIES LOAN REGULATIONS NUMBER FOUR DATED
JUNE 15, 1956

FONTTEIN

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein
DEPT: Legal Department

SIGNATURE: *Douglas Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

Austria Bmt

INCOMING WIRE

DATE OF WIRE: **NOVEMBER 18, 1958 15.10 UHR**

ROUTING	
ACTION COPY TO	MR. FONFEIN
INFORMATION COPY TO	
Decoded By	

TO: **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

FROM: **WIEN**

TEXT: **NR. 2368/58**

MR. FONFEIN

**ERBITTE DRINGEND 10 EXEMPLARE LOAN REGULATIONS NR.4 VON
15.6.-1956**

VERBUNDGESELLSCHAFT

HERMANN

RECEIVED

DISPATCHED
GENERAL FILES
CORRESPONDENCE

NOV 18 10 34 AM 1958



RECEIVED

GENERAL INVESTIGATIVE DIVISION

NOV 18 1958

RECEIVED BY TELETYPE UNIT NOV 18 1958

NOV 18 1958

NOV 18 1958

NOV 18 1958

NOV 18 1958

RECEIVED BY TELETYPE UNIT NOV 18 1958

NOV 18 1958

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 18 1958	
FBI - MEMPHIS	

INCOMING MAIL

RECEIVED BY TELETYPE UNIT NOV 18 1958

RECEIVED BY TELETYPE UNIT NOV 18 1958

November 14, 1958

Dear Dr. Kastner:

Mr. Fontein has asked me to send you a copy of our Loan Regulations No. 4 of 15 June 1956 and two memoranda which explain the differences between this version of the Loan Regulations and that of 15th of February 1956.

Yours sincerely,

E. Avid
Secretary to Mr. Douglas Fontein

Dr. W. Kastner
Ferstelgasse 1
Vienna 9
Austria

Austria - Just

OUTGOING WIRE

CLASS OF SERVICE: **LT**

DATE: **NOVEMBER 14, 1958**

TO: **DR. W. KASTNER
FERSTELGASSE 1
VIENNA 9.**

COUNTRY (**AUSTRIA**)

TEXT:

Cable No.

✓
YOUR CABLE 14 NOVEMBER 58 AS STATED IN SECTION 1.01 LOAN REGULATIONS
NO. 4 OF 15 JUNE 56 APPLY FOR NEW LOAN STOP MAILING ADDITIONAL
COPY AND MEMORANDUM EXPLAINING CHANGES FROM 15 FEBRUARY 55 VERSION
WHICH ARE NOT SUBSTANTIAL

FORTEIN

Signed:

AUTHORIZED BY:

NAME: **JHCOLLIER** *J. H. Collier*
DEPT: **OPERATIONS - EAA**

SIGNATURE:

JHCollier:vmc

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Guatemala	Cuba	Bolivia
Honduras	Dominican Republic	Brazil
Jordan	Ecuador	Burma
* Lebanon	El Salvador	Chile
Nicaragua	* Ethiopia	* China
Pakistan	* France	Colombia
Panama	Greece	Costa Rica
* Peru		
* Syria		
Uruguay		
Venezuela		
Yugoslavia		

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 2008).

2. Address
Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Beirut, Rio de Janeiro, Bogota, and Guatemala City. The name of the country of destination must always be added. (No charge is made for the name of a country).

3. Text
Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 2008.
Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.
Use common abbreviations whenever possible, i.e. recounted, reunited, reunited, reunited, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.

4. Signature
Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.
5. Authorization
Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.
Forward messages in triplicate in a cable envelope to Room 210 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.
ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 2008.

NOV 14 4 NOV 14 1958 50 PM 1958

DISPATCHED RECEIVED
GENERAL FILES GENERAL FILES
CORRESPONDENCE CORRESPONDENCE

KUHN, LOEB & CO.

Thirty Wall Street
New York 5

November 14, 1958

FILES 210
Austria 213 mp.

Michael L. Lejeune, Esq.
International Bank for Reconstruction and Development
1818 "H" Street, N. W.
Washington, D. C.

Austrian Financing

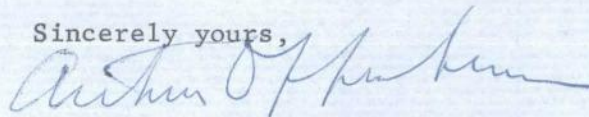
Dear Mr. Lejeune:

This is to advise you that Dr. Reinhard Kamitz, Finance Minister of the Republic of Austria, will be present at a press conference to be held at the office of Kuhn, Loeb & Co. on Monday, November 24th, at 2:30 P. M.

If you (and any of your associates) should desire to attend this conference, you will be most welcome. You will also be welcome at the Underwriters' Due Diligence meeting on Tuesday, November 25th, at 10:30 A.M., to be held at The Wall Street Club, 40 Wall Street (26th floor), New York, N. Y.

With kind regards, I remain

Sincerely yours,



Arthur Oppenheimer

24. November 1958

An die

Österreichische Botschaft
in WashingtonWashington 8, D.C.

2144 Wyoming Avenue N.W.

Betreff: Weltbankanleihe Projekt Aschach

Im Sinne der mit Ihnen und der IBRD gepflogenen Besprechungen erlauben wir uns, Ihnen beiliegend je eine Spezialvollmacht der Österreichischen Donaukraftwerke AG und unserer Gesellschaft zu überreichen. Wir bitten den Herrn außerordentlichen u. bevollmächtigten Botschafter Dr. Wilfried Platzer, in seinem Verhinderungsfalle den Herrn Dr. Johann Proksch und in dessen Verhinderungsfall den Herrn Generalkonsul Dr. Eduard Schiller, im Namen der Österreichischen Donaukraftwerke AG und in unserem Namen den mit der IBRD für das Projekt Aschach vereinbarten Anleihevertrag samt zugehörigen Dokumenten zu unterfertigen.

Die Spezialvollmachten sind mit den erforderlichen Beglaubigungen und den dazugehörigen Amtsbestätigungen des Handelsregisters Wien versehen.

Was den Inhalt des Anleihevertrages und der angeführten Dokumente betrifft, gestatten wir uns mitzuteilen, daß wir mit der Fassung des Anleihevertrages vom 6.11.1958 sowie der Briefentwürfe vom 7.11.1958 bzw. 21.11.1958, und zwar:

Brief der IBRD an die Verbundgesellschaft wegen Auszahlung des Anleiheerlöses (Entwurf vom 7.11.1958),

Brief der Österr. Donaukraftwerke AG an die IBRD betreffend die "List of goods" (Entwurf vom 7.11.1958),

Gegenbrief der Verbundgesellschaft an die IBRD betreffend das Investitionsprogramm (Entwurf vom 7.11.1958),

./.

das Memorandum betreffend die Strompreise, im besonderen die Verzinsung des Eigenkapitals (Entwurf vom 7.11.1958)

Briefentwurf wegen Abänderung des Absatzes 9.03 der Loan Regulations No. 4,

einverstanden sind.

Wir zeichnen

mit vorzüglicher Hochachtung

Österreichische
Elektrizitätswirtschafts-
Aktiengesellschaft

gez. Stahl

gez. Kölliker

Austria - Trent

INCOMING WIRE

DATE OF WIRE: NOV. 14, 1958

TO: DOUGLAS J. FONTAIN

FROM: VIENNA

Not sent to files.

ROUTING
ACTION COPY TO MR. FONTAIN
INFORMATION COPY TO
Decoded By

TEXT: IHR SCHREIBEN 10.NOV.58 BESTAETIGEND, BITTE ICH UM AUFKLAERUNG,
 OB GEMAESS 1,01 DES ANLEIHEABKOMMENS ANLEIHERICHTLINIEN VOM
 15.JUNI 1956 ODER GEMAESS ANLEIHE 3 ANLEIHERICHTLINIEN VOM
 15.FEBRUAR 1955 ZUGRUNDEGELEGT WERDEN.

GRUSS

DR.KASINER

2m13
Austria
BW:
copy in
Legal.

November 12, 1958

Documents to be Furnished by Austrians for
Signing and Effectiveness of Proposed Loan
and Guarantee Agreement for Aschach Project

A. Documents Required for Signing of Loan and Guarantee Agreement

General: Since the proposed loan by the Bank^{a)} for the Aschach Project will be made in conjunction with a public issue of bonds on the New York market, a tight time schedule will have to be adhered to and it is essential that the various documents listed below be ready when needed. There will be an interval of only a few days between the signing of the Loan and Guarantee Agreement and between that signing and the effectiveness of the Bank loan. The following memorandum is a checklist and guide in the preparation of the various documents, to prevent mishaps.

Note: The Gesetz über die Aufnahme von Anleihen in fremder Währung (Auslandsanleihegesetz) has been published in the Bundesgesetzblatt on November 10, 1958 under number 239. It contains the Government's authority for the public issue in New York and for the guarantee of the Bank's loan of the Aschach Project. A copy of the Bundesgesetzblatt should be sent to the Bank. A provisional translation of the Act is contained in Attachment 1.

Responsibility of:

Dr. Wagner

It is contemplated that the Loan and Guarantee Agreement will be signed on Tuesday, December 2, in New York, when the Purchase Contract with the underwriters for the public issue will also be signed.

The documents listed under 1 to 5 inclusive below should be delivered to the Austrian Embassy in Washington (and copies thereof to the Bank at 1818 H Street, N.W., Washington 25, D.C.) not later than one week before the signing of the Loan and Guarantee Agreement; accordingly, if the Loan and Guarantee Agreement are to be signed on December 2, these documents should reach the Embassy and the Bank not later than November 25. Copies of each of these documents should also be

Verbundgesellschaft and
Donaukraftwerke; Bundes-
kanzleramt (Auswärtiges)

a) Unless otherwise indicated the term "Bank" means International Bank for Reconstruction and Development.

Responsibility of:

sent to Dr. Ernst Wagner, Wien I, Kärntnerring 10
and to Dr. Walther Kastner, Wien IX, Ferstelgasse 1.

1. Documents Required for Signing of Loan Agreement

- | | |
|---|--|
| 1. Certified power of attorney signed on behalf of the Donaukraftwerke authorizing the Austrian Ambassador in Washington or in his absence the Austrian Chargé d'Affaires in Washington or in his absence the Austrian Consul General in New York ^{b)} to sign, on behalf of the Donaukraftwerke, the Loan Agreement and related documents ^{c)} . A draft of such power of attorney is attached (Attachment No. 2). | Verbundgesellschaft
and Donaukraftwerke |
| 2. Certified extract from the Handelsregister showing the authority of those who signed the power of attorney referred to in 1 above, to act on behalf of the Donaukraftwerke. | Verbundgesellschaft
and Donaukraftwerke |
| 3. Certified power of attorney authorizing the Austrian Ambassador in Washington or in his absence the Austrian Chargé d'Affaires in Washington or in his absence the Austrian Consul General in New York ^{d)} to sign, on behalf of the Verbundgesellschaft, the Loan Agreement and related documents ^{e)} . A draft of such power of attorney is attached (Attachment No. 3). | Verbundgesellschaft |
| 4. Certified extract from the Handelsregister showing the authority of those who signed the power of attorney referred to in 3 above, to act on behalf of the Verbundgesellschaft. | Verbundgesellschaft |

-
- b) It is contemplated that the Loan Agreement will be signed in New York and that the Austrian Ambassador will sign the Loan and Guarantee Agreement. To safeguard against unforeseen circumstances it is desirable that the power of attorney authorize, in addition to the Austrian Ambassador in Washington, the Austrian Chargé d'Affaires in Washington or in his absence the Austrian Consul General in New York.
- c) The power of attorney should authorize the signing not only of the Loan Agreement but also of related documents, as e.g. the list of goods letter, the letter on priority of funds for the Aschach Project, etc. Drafts of the Loan and Guarantee Agreements, dated November 6, and of the related documents all dated November 7, were sent to Messrs. Teufenstein, Stahl, Mosbauer, Kastner and Wagner under cover of letters, all dated November 10.
- d) See footnote b) above.
- e) See footnote c) above.

Responsibility of:

II. For Signing of Guarantee Agreement

5. Full Power issued by the Bundeskanzler authorizing the Austrian Ambassador or in his absence the Austrian Chargé d'Affaires in Washington or in his absence the Austrian Consul General in New York^{f)} to sign, on behalf of the Republic of Austria, the Guarantee Agreement between the Bank and the Republic of Austria and related documents^{g)}. A draft of such Full Power is attached (Attachment No. 4).

Finance Ministry and
Bundeskanzleramt

B. Documents Required for Effectiveness of Loan and Guarantee Agreement

Note: The Loan and Guarantee Agreement have to be made effective one week after their signature, upon the closing for the sale of the bonds of the public issue to the Underwriters; accordingly, if the Loan and Guarantee Agreement are signed on December 2 they should become effective on December 9. The documents listed under 1 to 9 inclusive below will have to be executed before the Loan and Guarantee Agreement can be made effective. They should, therefore, be prepared in advance of the signing of the Loan and Guarantee Agreement and be executed as soon as possible thereafter. They should be delivered to the Bank at 1818 H Street, N.W., Washington 25, D.C. Copies of each of these documents should also be sent to Dr. Wagner and, except for the legal opinions listed under 1 and 6 below, to Dr. Kastner. Since these documents may not reach the Bank in time for the closing for the sale of the bonds of the public issue, Dr. Wagner will also cable the Bank when the documents listed under 1 to 9 inclusive below have been signed and copies thereof have been received by him.

Dr. Wagner

I. Documents Required for Effectiveness of Loan Agreement

1. Legal opinion concerning the matters set forth in Section 9.02, paragraphs (a) and (b) of Loan Regulations No. 4 of the Bank

Dr. Kastner, Verbund-
gesellschaft and
Donaukraftwerke

f) See footnote b) above.

g) The Full Power should authorize the signing not only of the Guarantee Agreement but also of any related documents, as e.g. the letter on external debt and the letter on the negative pledge clause. See also footnote c) above.

Responsibility of:

and in Article VII of the Loan Agreement. This opinion will be prepared by Dr. Walther Kastner. The opinion should inter alia refer to the consents and declarations listed under 2 to 8 inclusive below. A draft of the opinion should be sent as soon as possible to Dr. Wagner and to the Bank for comment.

2. Consent by the Nationalbank pursuant to the Devisengesetz, BGBl. No. 162 of 1946. A draft of such consent is attached (Attachment No. 5).

Nationalbank

A letter requesting such consent will have to be sent to the Nationalbank by the Verbundgesellschaft and the Donaukraftwerke.

Verbundgesellschaft
and Donaukraftwerke

3. Consent by Federal Ministry of Finance in agreement with Federal Ministry of the Interior to the issuance and delivery of the Bonds provided for in the Loan Agreement pursuant to paragraph 1, Kapitalverkehrsverordnung of June 12, 1941, DRGBL. I, S. 238, paragraph 4, Kapitalverkehrsdurchführungsverordnung of August 9, 1941, DRGBL. I, S. 515, and paragraph 14, Abs. 1 of the Finanzverfassungsgesetz of January 21, 1948, BGBl. No. 45 of 1948. A draft of such consent is attached (Attachment No. 6).

Finance Ministry

A letter requesting such consent will have to be sent to the Finance Ministry by the Verbundgesellschaft and the Donaukraftwerke.

Verbundgesellschaft
and Donaukraftwerke.

4. Declaration by Federal Ministry of Agriculture and Forestry (Oberste Wasserrechtsbehörde) pursuant to paragraph 83 (2) of the Wasserrechtsgesetz, that the Aschach Project is a "bevorzugte Wasserbau". Such declaration has already been received by the Verbundgesellschaft and a photostatic copy made available to the Bank (Attachment No. 7).

5. Consent in principle of the Aschach Project pursuant to Article 16 of the Jochenstein Agreement by the Austrian Government (Federal Ministry of Transportation and Electricity

Responsibility of:

Matters), the Government of the Federal Republic of Germany (Verkehrsministerium) and the Bavarian Government. The approval by the German and Bavarian Government should also cover the raising of the water level on the Donau for a length of 1.3 kilometers where the Donau touches Bavarian territory.

A request for such consent will be made by the Verbundgesellschaft and the Donaukraftwerke.

Verbundgesellschaft
and Donaukraftwerke

II. Documents Required for Effectiveness of Guarantee Agreement

6. Legal opinion covering the matters set forth in Section 9.02, paragraphs (c) and (d) of Loan Regulations No. 4 of the Bank (including in particular a reference to the rate covenant set forth in Section 3.06 of the Guarantee Agreement) and in Article VII of the Loan Agreement. This opinion will be prepared by Dr. Kastner. It should inter alia refer to the provisions in the Bundesgesetz über die Aufnahme von Anleihen in fremder Währung (Auslandsanleihegesetz) concerning the negative pledge, the exemption from taxation and the arbitration procedure, as well as to the letter, certificate and legal opinion listed below under 7 to 9 inclusive. A draft of the opinion should be sent as soon as possible to Dr. Wagner and to the Bank for comment.

Dr. Kastner,
Finance Ministry

7. Letter by the Nationalbank to the Finance Ministry concerning the application of the negative pledge clause provided for in Section 3.01 of the Guarantee Agreement to the assets of the Nationalbank. A draft of such letter is attached (Attachment No. 8).

Nationalbank and
Finance Ministry

8. Certificate by the Oberste Rechnungshof concerning the unexercised borrowing and guaranteeing powers of the Government under the Gesetz über die Aufnahme von Anleihen in fremder Währung (Auslandsanleihengesetz). This certificate should be dated Tuesday, December 9, which is the contemplated effective date of the Loan and Guarantee

Oberste Rechnungshof
and Finance Ministry

Responsibility of:

Agreement and the date of closing for the sale of the bonds of the public issue. A draft of such certificate is attached (Attachment No. 9).

The certificate should be signed at the opening of business on December 9 and Dr. Wagner will send a direct cable to Messrs. Schrenk and Fontein, care of Cravath, Swaine & Moore in New York when this certificate has been signed and received by him.

Dr. Wagner

9. Legal opinion by Bundeskanzleramt (Ausseres), based on opinion by Bundesministerium für Verkehr- und Elektrizitätswirtschaft (Oberste Schifffahrtsbehörde) that the Aschach Project does not violate Austria's obligations in respect of the Donau as an international waterway.

Bundeskanzleramt and Schifffahrtsbehörde

C. Effective Date Procedure

When the conditions for the effectiveness of the Loan and Guarantee Agreement have been fulfilled, the Bank will by teletype notify the Finance Ministry, the Donaukraftwerke and the Verbundgesellschaft that the Loan and Guarantee Agreements have become effective and will request immediate acknowledgement by teletype to the Bank from each of these addressees that the notice has been received. Such immediate acknowledgement is required in order to complete the closing for the sale of the bonds of the public issue. The teletype notices from the Bank may be expected to arrive in Vienna at about 4 p.m. Vienna time on December 9.

In addition the Bank will wish to receive in due course for its records a more formal acknowledgement of receipt of these notices.

November 12, 1958

Federal Law concerning the Taking-up of
Loans in Foreign Currencies (External
Loan Law), BGBl. 1958, Nr. 239

The National Council has decided:

Article I

General Provisions

Section 1.

The Federal Government is authorized, in the name of the Republic of Austria, to take up loans or credits up to a maximum amount not exceeding at any time US Dollars 250 million or the equivalent thereof in foreign currencies, or to assume up to this maximum extent guaranties of, or the liability for default in, or the liability as surety and obligor for, loans or credits to Austrian enterprises.

Section 2

The proceeds from agreements concluded pursuant to Sec. 1 shall be used to meet partially the Austrian import and investment requirements.

Section 3

The Federal Government shall report to the Main Committee of the National Council on loans, borrowings or credits taken up, and on guaranties and liabilities undertaken, pursuant to this Federal Law, submitting to it at the same time the concluded agreements.

Article II

Section 4

The following additional provisions shall govern the loan to be taken up by the Federal Government, within the framework of the provisions set forth in Article 1, in the fall of 1958, for a nominal value of up to 35 million in US Dollars, to be sold by the investment banks of Kuhn, Loeb & Co., of New York, and Ladenburg, Thalmann & Co., of New York, and the loan simultaneously to be taken up by the Austrian Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) and the Austrian Donaukraftwerke Aktiengesellschaft with the International Bank for Reconstruction and Development (Internationale Bank für Wiederaufbau und

Wirtschaftsförderung), in an amount of up to 30 million in US Dollars, as well as the liability as surety and obligor to be undertaken by the Austrian Government for this loan:

1. It may be stipulated in the agreements that liens on Federal assets or Federal revenues for obligations of the Republic of Austria under such agreements shall be granted without further action on the part of the creditors ratably and equally with such liens as may be granted subsequent to the conclusion of these agreements for other obligations of the Republic of Austria.

2. (Constitutional provision). The taxes related to the conclusion or the carrying out of these agreements shall neither be fixed nor levied. Taxes on income, proceeds or assets which result from these loans or under the bonds issued on the basis of these agreements shall neither be fixed nor levied, unless the beneficial owner of the bonds has his residence (seat) in Austria.

3. Insofar as an arbitration clause should be agreed upon or an arbitration agreement made in writing in such agreements, arbitral awards made by an arbitration tribunal to which a matter was submitted in accordance with such arbitration agreement, and settlements entered into before such tribunal, shall be enforceable by execution in accordance with Sec. 1 of the Execution Ordinance. If such award was made in a foreign country or if the arbitral settlement was entered into in a foreign country, the provisions of Secs. 81 through 83 and 85 of the Execution Ordinance shall become applicable.

Article III

Final Provisions

Section 5

The Federal Law dated July 25, 1946, concerning the Taking-up of Loans in Foreign Currencies, presently valid in the version of the Federal Law dated March 12, 1958, RGBL. No. 47, shall cease to be effective.

Section 6

The provisions of Article I of this Federal Law shall cease to be effective on December 31, 1961.

Section 7

The Federal Finance Ministry shall be in charge of carrying out Sec. 4, 2 of this Federal Law; the Federal Justice Ministry, of carrying out Sec. 4, 3 of this Federal Law; and the Federal Government shall be in charge of carrying out the remainder of this Federal Law.

OESTERREICHISCHE DONAUKRAFTWERKE
Aktiengesellschaft

BEILAGE Nr. 2

E n t w u r f

November 12, 1958

S P E Z I A L V O L L M A C H T

Die OESTERREICHISCHE DONAUKRAFTWERKE-AKTIENGESELLSCHAFT,
Wien I., Hohenstaufengasse 6, bevollmächtigt hiemit

Herrn Dr. Wilfried Platzer,
ausserordentlichen und bevollmächtigten Botschafter,

Herrn Dr. Johannes Proksch,
Legationsrat,

und

Herrn Dr. Eduard Schiller,
Generalkonsul,

jeden für sich allein, ohne dass er der Mitzeichnung der übrigen
Bevollmächtigten bedürfte, für sie einen Anleihevertrag (LOAN AGREE-
MENT, Aschach Project) mit der INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, 1818 H Street, N.W., Washington 25, D.C., rechtsver-
bindlich abzuschliessen, bzw. zu unterzeichnen, in ihrem Namen alles
und jedes vorzukehren, was zum Abschluss dieses Vertrages nötig und
zweckmässig erscheint, diesbezügliche Schriftstücke zu übernehmen
und deren Empfang rechtswirksam zu bestätigen.

OESTERREICHISCHE DONAUKRAFTWERKE
Aktiengesellschaft

Wien, am _____ 1958

BEGLAUBIGUNGEN

November 12, 1958

S P E Z I A L V O L L M A C H T

Die OESTERREICHISCHE ELEKTRIZITAETSWIRTSCHAFTS-AKTIENGESELLSCHAFT, Wien I., Am Hof Nr. 6, (Verbundgesellschaft), bevollmächtigt hiemit

Herrn Dr. Wilfried Platzer,
ausserordentlichen und bevollmächtigten Botschafter,

Herrn Dr. Johannes Proksch,
Legationsrat,

und

Herrn Dr. Eduard Schiller,
Generalkonsul,

jeden für sich allein, ohne dass er der Mitzeichnung der übrigen Bevollmächtigten bedürfte, für sie einen Anleihevertrag (LOAN AGREEMENT, Aschach Project) mit der INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, 1818 H Street, N.W., Washington 25, D.C., rechtsverbindlich abzuschliessen, bzw. zu unterzeichnen, in ihrem Namen alles und jedes vorzukehren, was zum Abschluss dieses Vertrages nötig und zweckmässig erscheint, diesbezügliche Schriftstücke zu übernehmen und deren Empfang rechtswirksam zu bestätigen.

OESTERREICHISCHE ELEKTRIZITAETSWIRTSCHAFTS-
AKTIENGESELLSCHAFT

Wien, am _____ 1958.

BEGLAUBIGUNGEN

November 12, 1958

V o l l m a c h t

Die Bundesregierung der Republik Oesterreich hat beschlossen namens der Republik Oesterreich mit der Internationalen Bank für Wiederaufbau und Wirtschaftsförderung ein Garantieabkommen zu dem Anleihevertrag dieser Bank mit der Oesterreichischen Elektrizitätswirtschafts-Aktiengesellschaft (Verbundgesellschaft) und der Oesterreichischen Donaukraftwerke Aktiengesellschaft abzuschliessen.

Zu diesem Zweck hat der Bundeskanzler

Herrn Dr. Wilfried Platzer,
ausserordentlichen und bevollmächtigten Botschafter,

Herrn Dr. Johannes Proksch,
Legationsrat,

und

Herrn Dr. Eduard Schiller,
Generalkonsul,

zu Bevollmächtigten ernannt und jeden für sich allein, ohne dass er der Mitzeichnung der übrigen Bevollmächtigten bedürfte, ermächtigt, namens der Republik Oesterreich das oben erwähnte Abkommen und damit zusammenhängende Dokumente zu unterzeichnen.

ZU URKUND DESSEN hat der Bundeskanzler die vorliegende Vollmacht unterzeichnet und mit dem Staatsiegel der Republik Oesterreich versehen lassen.

Geschehen zu Wien, den

Der Bundeskanzler:

11. September 1958

An die

Oesterreichische Elektrizitätswirtschafts-Aktiengesellschaft

Donaukraftwerke Aktiengesellschaft

Ihr Schreiben vom: Zeichen: Unser Zeichen: Wien, _____ 1958

Betrifft: Anleiheabkommen mit der International Bank for Reconstruction and Development, Washington, vom _____ 1958.

(Anleihe - Aschach-Projekt)

Wir beziehen uns auf Ihr obiges Schreiben und erteilen Ihnen hiemit auf Grund des zwischen Ihren Gesellschaften und der International Bank for Reconstruction and Development, Washington, in Angelegenheit der Finanzierung des Baus des Kraftwerkes Aschach abgeschlossenen Anleiheabkommens vom _____ 1958 folgende

B e w i l l i g u n g :

- 1.) zur Aufnahme eines in verschiedenen Währungen auszahlbaren Kredites in Höhe von

\$ _____ (U.S.A. Dollar _____)

durch Ihre Gesellschaften bei der International Bank for Reconstruction and Development, Washington, sowie zur Gutschrift des Anleihebetrages auf ein Anleihekonto Ihrer Gesellschaften bei der Anleihegeberin mit Massgabe

- a) einer Verzinsung der jeweils vom Anleihekonto abdisponierten und aushaftenden Anleihebeträge mit _____% p.a.,
- b) der Vergütung einer Bereitstellungsprovision in Höhe von _____% p.a. der auf dem Anleihekonto erlegten und noch nicht in Anspruch genommenen Kapitalbeträge,

- c) der Vergütung einer Provision in Höhe von _____% p.a. für die allenfalls von der Anleihegeberin gemäss Paragraph 4.02 der Anleiherichtlinien zu übernehmenden Sonderbereitstellungen (sofern keine andere Regelung getroffen wird).
- 2.) Zur Verfügung über das auf dem Anleihekonto erliegende Guthaben durch Ihre Gesellschaften gemäss den Bestimmungen des gegenständlichen Abkommens.
- 3.) Zur Ausstellung von an die Anleihegeberin zu übergebende Schuldverschreibungen in Höhe des Kapitalbetrages durch Ihre Gesellschaften.
- 4.) Zur Rückzahlung des Anleihekapitals, bzw. der Teilschuldverschreibungen, sowie zur Bezahlung der Zinsen und Nebengebühren in den im Anleiheabkommen genannten verschiedenen Währungen. Die hierfür notwendigen Devisen werden wir Ihnen gegen Erlag des Schilling Gegenwertes zur Verfügung stellen.

OESTERREICHISCHE NATIONALBANK
Prüfungsstelle für den Zahlungsverkehr
mit dem Auslande

REPUBLIK OESTERREICH
BUNDESMINISTERIUM FUER FINANZEN

E n t w u r f

11. September 1958

An die

Oesterreichische Elektrizitätswirtschafts-Aktiengesellschaft

Donaukraftwerke Aktiengesellschaft

Auf Ihr Ansuchen vom _____, genehmigt das Bundesministerium für Finanzen im Einvernehmen mit dem Bundesministerium für Inneres auf Grund des Paragraph 1 der Verordnung über den Kapitalverkehr vom 12. Juni 1941, DRBGl. I, S. 328, in Verbindung mit Paragraph 4 der hiezu ergangenen Ersten Verordnung zur Durchführung der Verordnung über den Kapitalverkehr vom 9. August 1941, DRGBL. I, S. 515, und gemäss Paragraph 14, Abs. 1, des Bundesverfassungsgesetzes vom 21. Jänner 1948 über die Regelung der Finanziellen Beziehungen zwischen dem Bund und den übrigen Gebietskörperschaften, BGBl. Nr. 45 vom 28. Februar 1948, grundsätzlich die Ausgabe von Schuldverschreibungen. Diese Genehmigung wird jedoch an die Bedingung geknüpft, dass die Internationale Bank für Wiederaufbau und Wirtschaftsförderung von dem ihr nach Artikel IV des Anleiheabkommens vom _____ zustehenden Recht, die Ausgabe von Schuldverschreibungen bis zum Gegenwert von \$ _____ zu verlangen, Gebrauch macht.

_____ 1958

Für den Bundesminister:

Bundesministerium für
Land- und Forstwirtschaft

Wien, am 14. Juli 1958

Zl. 96173/2 - 43992/58

Gegenstand: Donaukraftwerk Aschach; Erklärung
zum bevorzugten Wasserbau.

B e s c h e i d.

Das Bundesministerium für Land- und Forstwirtschaft erklärt nach hergestelltem Einvernehmen mit dem Bundesministerium für Verkehr und Elektrizitätswirtschaft das von der

Oesterreichischen Donaukraftwerke A.G.,

geplante Bauvorhaben der Errichtung eines Donaukraftwerkes bei Aschach gemäss Paragraph 83 Abs. 2 Wasserrechtsgesetz als bevorzugten Wasserbau.

Im Sinne des Artikel 94 Abs. 3 Wasserrechtsgesetz wird als Frist für die Einreichung eines verhandlungsreifen Entwurfes der 31. März 1959, für die Erwirkung der wasserrechtlichen Bewilligung der 31. Dezember 1960 festgesetzt.

Durch die Bevorzugungserklärung wird der nach den Paragraphen 93 und 96 Wasserrechtsgesetz noch erforderlichen wasserrechtlichen Bewilligung und den an die Bewilligung zu knüpfenden Bedingungen in keiner Weise vorgegriffen.

Für die Bevorzugungserklärung ist gemäss Tarifpost 105 a der Bundesverwaltungsabgabenverordnung 1957, BGBl. Nr. 48, eine Verwaltungsabgabe von S 750.- binnen 3 Wochen in Stempelmarken dem Bundesministerium für Land- und Forstwirtschaft (Wasserrechtsabteilung) zu entrichten.

Begründung

Die Oesterreichische Donaukraftwerke A.G. hat um die Erklärung ihres Bauvorhabens betreffend Errichtung eines Donaukraftwerkes bei Aschach als bevorzugten Wasserbau angesucht. Diesem Ansuchen war stattzugeben, da die beschleunigte Ausführung des Bauvorhabens im besonderen Interesse der oesterreichischen Volkswirtschaft gelegen ist.

Das Projekt für die Erteilung der wasserrechtlichen Bewilligung ist bereits ausgearbeitet und soll noch in diesem Jahr bei der Wasserrechtsbehörde eingebracht werden.

Die gewählte Staustelle in Strom-km 2162,7 liegt am unteren Ende der kurvenreichsten Engstrecke des österreichischen Donautales. Dieser Standort ist von Natur aus insoferne zwingend vorgegeben, als nur an

dieser Stelle das Engtal genügend breit und der Stromlauf hinreichend gestreckt ist, um sowohl Wehr und Kraftwerk als auch die fast 1 km lange Schleusenanlage samt Vorhäfen unterzubringen.

Der Rückstau des Werkes Aschach wird sich bei der gewählten Stauhöhe 280,0 m ü.A. 40 km weit bis zum Kraftwerk Jochenstein erstrecken und bis in dessen Unterwasser reichen.

Das Hauptbauwerk soll 2 km oberhalb von Aschach errichtet werden. Die Schleusenanlage ist am rechten Ufer vorgesehen und besteht aus 2 Kammerschleusen von je 24 Breite und 230 m Nutzlänge mit anschliessenden Vorhäfen im $\overline{O}W$ und $\overline{U}W$. An das Unterhaupt der Schleusenanlage soll stromaufwärts das Krafthaus anschliessen, das 4 Turbinen mit einer Schluckfähigkeit von je 450 m³/s aufnehmen wird.

Die Wehranlage wird voraussichtlich aus 5 Wehrfeldern von je 24 m Lichtweite bestehen.

Das Energiedargebot des Werkes Aschach ist das grösste im derzeit vorgesehenen Plan. Die gewählte Ausbauwassermenge von 1800 m³/s ermöglicht in Verbindung mit der zugehörigen Nutzfallhöhe von 15,3 m eine maximale Leistung von 228 000 kW.

Die erzielbare Jahresarbeit beträgt rd 1450 Mio kWh. Bei der ausgeglichenen Wasserführung der Donau beträgt der Winteranteil der Energieerzeugung 60.6 Mio kWh oder 42 % und der Sommeranteil 844 Mio kWh oder 58 % der Jahresarbeit.

Das Staugebiet der Stufe Aschach erstreckt sich von der Wehrstelle in Strom-km 2162,7 bis zum Unterwasser des KW Jochenstein in Strom-km 2203,33. Das Mittelwasser wird an der Wehrstelle um 15,65 m aufgestaut, aus dem bisher rasch durchströmten, gewundenen Engtal entsteht ein fjordartiger Bergsee. Die für die Schifffahrt bisher gefährlichen Strömungsverhältnisse - besonders in der Schlögener Schlinge - werden durch den Aufstau vollkommen beseitigt. In Zukunft ist also in diesem Stromabschnitt ein gefahrloser Schiffsverkehr in Berg- und Talfahrt bei Tag und Nacht gesichert.

Ergeht gleichlautend and:

- 1.) die Oesterreichische Donaukraftwerke A.G. in Wien I., Hohenstaufengasse 6;
- 2.) das Bundesministerium für Verkehr und Elektrizitätswirtschaft, Sektion IV, Wien I., Schwarzenbergplatz 1;
- 3.) das Bundesministerium für Verkehr und Elektrizitätswirtschaft, Amt für Schifffahrt, Wien I., Kärntnerring 8;

- 4.) das Bundesministerium für Handel u. Wiederaufbau, Abteilung 5,
in Wien I., Regierungsgebäude;
- 5.) das Amt der O.Ö. Landesregierung in Linz;
- 6.) die Oesterreichische Elektrizitätswirtschafts - A.G. (Verbundge-
sellschaft) in Wien I., Am Hof 6;
- 7.) die Bezirkshauptmannschaft in Eferding, O.Ö.;
- 8.) die Bezirkshauptmannschaft in Rohrbach, O.Ö.;
- 9.) die Bezirkshauptmannschaft in Schärding, O.Ö.

Für den Bundesminister:

Dr. H a r t i g

Für die Richtigkeit
der Ausfertigung:

H e i l i g t a g

OESTERREICHISCHE NATIONALBANK
Direktorium

Wien I/1, Postfach

BEI LAGE Nr. 8

E n t w u r f

11. September 1958

An das

Bundesministerium für Finanzen

Abt. 15B

Wien I

Johannesgasse 5

Betr.: Weltbankkredit - Aschach Projekt

Zur Zuschrift vom _____, mit welcher uns die Entwürfe des Anleihe- und Garantieabkommens betreffend einer seitens der Oesterreichischen Elektrizitätswirtschafts Aktiengesellschaft, Verbundgesellschaft, und der Donaukraftwerke Aktiengesellschaft bei der Weltbank aufzunehmenden Anleihe im Gesamtausmass von U.S.A. Dollar _____ Millionen übermittelt wurden, erlauben wir uns zu bemerken, dass die Oesterreichische Nationalbank gemäss den für sie geltenden gesetzlichen Bestimmungen - Paragraph 47 ff., Nationalbankgesetz - weder Anleihen aufnehmen noch Garantien oder sonstige Sicherstellungen für Anleihen gewähren darf. Wir stehen aber nicht an zu erklären, dass für den Fall als bei einer geänderten Rechtslage doch Sicherheiten irgend welcher Art zu Lasten des Vermögens der Nationalbank bestellt werden sollten, dann die Bestimmungen des Artikel III, Sektion 3.01, Absatz 1 des Garantieabkommens Anwendung zu finden haben.

Direktorium

der

Oesterreichischen Nationalbank

Rechnungshof

der

Republik Österreich

Beilage Nr. 9

E n t w u r f

November 12, 1958

Es wird hiermit bestätigt, dass die Gesamtsumme aller Anleihen und Garantien, die seitens der Republik Österreich auf Grund des Bundesgesetzes über die Aufnahme von Anleihen in fremder Währung (Auslandsanleihengesetz) BGBl. Nr. 239 ex 1958 aufgenommen bzw. gegeben wurden unter Berücksichtigung der vorgesehenen Garantie seitens der Republik Österreich für eine Anleihe in der Höhe von _____ = Worten _____ Millionen USA Dollar oder des Gegenwertes hievon in anderen Währungen, die seitens der Internationalen Bank für Wiederaufbau und Wirtschaftsförderung der Donau Kraftwerke Aktiengesellschaft (Aschach Projekt) und der Österreichischen Elektrizitätswirtschafts Aktiengesellschaft (Verbundgesellschaft) gewährt wird und unter Berücksichtigung der Investitionsanleihe der Republik Österreich 1958 auf dem amerikanischen Kapitalmarkt in der Höhe von _____ = in Worten _____ Millionen USA Dollar (External Sinking Fund Dollar Bonds 1958), die auf Grund gesonderter Abmachungen mit den Investitionsbanken Kuhn, Loeb u. Co., Ladenburg, Thalmann u. Co. u.a. aufgenommen wird, den im Auslandsanleihengesetz festgesetzten Betrag von 250,000.000.- = in Worten zweihundertfünfzig Millionen USA Dollar nicht übersteigt.

Es wird noch hinzugefügt, dass der Gesamtbetrag, für den die Republik Österreich die Garantie gegenüber der Internationalen Bank für Wiederaufbau und Wirtschaftsförderung zu übernehmen gedenkt, unabhängig davon, in welchen Teilbeträgen und wann der Kredit von den beiden oben genannten Gesellschaften tatsächlich in Anspruch genommen wird und der Gesamtbetrag der oben erwähnten Investitionsanleihe 1958 der Republik Österreich auf dem amerikanischen Kapitalmarkt in den im Auslandsanleihengesetz festgesetzten Höchstbetrag von 250,000.000.- = in Worten zweihundertfünfzig Millionen USA Dollar unmittelbar mit dem Tage der Wirksamkeit der getroffenen Abkommen eingerechnet wurden.

Wien, am _____ 1958.

Der Präsident:

Austria - Font

INCOMING WIRE

DATE OF WIRE: NOVEMBER 11, 1958. 19:16

ROUTING
ACTION COPY TO MR. FONTEIN
INFORMATION COPY TO
Decoded By

TO: MR. FONTEIN, INTERNATIONAL BANK
FOR RECONSTRUCTION & DEVELOPMENT

FROM: VIENNA

TEXT:

IHRER LETZTEN DEPESCHE BETREFFEND RECHTSGUTACHTEN GARANTIEABKOMMEN
 PROJEKT ASCHACH 306 TEILE ICH MIT: WUERDE UNERWARTETERWEISE DURCH
 DIE GESETZGEBENDEN KOERPERSCHAFTEN DAS PREISREGELUNGSGESETZ DERART
 GEAENDERT WERDE, DASS DIE BESTIMMUNGER DES ABSATZES 306 NICHT MEHR ERFUELLBAR
 WAEREN, BLIEBEN DOCH DIESE BESTIMMUNGEN FUER DIE REPUBLIK OESTERREICH
 INSOFERNE WIRKSAM, ALS SIE FUER NACHTEILE, DIE AUS DER NICHTERFUELLUNG DER
 WELTBANK ENTSTEHEN SOLLTEN, EINZUTRETEN HAT.

MIT DIESEM HINWEIS BEABSICHTIGE ICH DAS RECHTSGUTACHTEN ZU ERGAENZEN,
 FALLS SIE DAMIT EINVERSTANDEN SIND. ZUR BEGRUENDUNG WEISE ICH NOCH
 DARAUF HIN, FALLS DIE ANLEIHE DURCH EINE FALSCHER PREISPOLITIK NOTLEIDEND
 WERDEN SOLLTE, IN DIESEM FALL DIE REPUBLIK OESTERREICH EBEN DEN KAPITAL
 UND ZINSENDIENST AUF GRUND DER GARANTIE ZU ERFUELLEN HABE.

HERZLICHE GRUESSE

DR. KASTNER

DUPLICATE

Austria - Font

INCOMING WIRE

DATE OF WIRE: NOV 10, 1958

TO: IBRD

FROM: WAGNER VIENNA

ROUTING
ACTION COPY TO MR. FONTEIN
INFORMATION COPY TO MR. COLLIER <i>[initials]</i>
Decoded By

TEXT: LAW CONCERNING LOANS IN FOREIGN CURRENCIES HAS BEEN PUBLISHED

TO-DAY UNDER NUMBER 239

WAGNER

TYPED COPY

GENERAL FILES
CORRESPONDENCE

NOV 10 1 59 PM 1958



RECEIVED

NOV 10 1958

TO: DIRECTOR, FEDERAL BUREAU OF INVESTIGATION, WASHINGTON, D.C.

FROM: SAC, NEW YORK

RE: MURKIN

DATE OF INFO: 11/10/58

RECEIVED BY INFORMATION COPY TO ACTION COPY TO FOR THE

INCOMING MAIL

U.S. DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

November 10, 1958

Mr. Franz M. Oppenheimer
1828 Jefferson Place, N.W.
Washington, D.C.

Dear Franz:

Enclosed please find the latest drafts of the Loan and Guarantee Agreements and the various side documents for the Aschach Project, as well as a copy of Dr. Kassner's memorandum on legal investment requirements in Germany. I hope to complete the translation of the memorandum within the next few days and will send you a copy.

There is also enclosed separately an amortization schedule for a loan of \$25 million with a maturity of 25 years and based on an interest rate of 6%.

Still to be done is the Bank's letter agreeing to the waiver of the negative pledge clause for the Berliner Handelsgesellschaft loan. I think we shall have something satisfactory on this in the next few days.

With kindest regards,

Yours sincerely,

Douglas J. Fontein

DJFontein:ea

November 10, 1958

Dr. Rudolf Stahl
Generaldirektor
Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)
Wien I
Am Hof 6
Austria

Dear Dr. Stahl:

I enclose two copies of the draft Loan and Guarantee Agreements dated November 6, 1958, together with copies of the various side documents. The draft Loan and Guarantee Agreements differ in six minor respects from the drafts dated November 5 which I gave to Dr. Hermann in my office. The differences occur on pages 13, 15 and 21 of the Loan Agreement and on pages 2 and 8 of the Guarantee Agreement, and are marked in red. They are not changes of substance but rather corrections which were found necessary upon a careful reading of the documents. I would appreciate it if you would inform me that these changes are agreeable.

There is also enclosed separately an amortization schedule for a loan of \$25 million with a maturity of 25 years and based on an interest rate of 6%.

I am also sending copies of these documents to Dr. Teufenstein, Dr. Kastner, Dr. Mosbauer and Dr. Wagner.

According to present plans, the Loan and Guarantee Agreements and the side documents will be signed in New York on Tuesday, December 2. The various documents to be signed by the Verbundgesellschaft and the Donaukraftwerke will be prepared here and signed by Dr. Platzer on behalf of the Verbundgesellschaft and the Donaukraftwerke. For this purpose we should receive as soon as possible the powers of attorney and extracts of the Handelsregister referred to on pages 4 and 5 of my memorandum of things to be done dated September 12, 1958, a copy of which was sent to Dr. Burgemeister. In the

forms of these powers of attorney, shown in Beilagen 2 and 3 to this memorandum, the name of Dr. Kamitz can now be deleted since he will not be in New York for the signing on December 2.

With a view to the printing of the Loan and Guarantee Agreements I shall also appreciate it if you could let us know as soon as possible whether the powerhouse at Aschach will be equipped with four turbines with a capacity of 72,000 kw or five turbines with a capacity of 57,600 kw, and whether there will be four 90,000 kva transformers or five 72,000 kva transformers.

With kindest regards,

Very truly yours,

Douglas J. Fontein



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date November 10, 1958	Document Type Letter			
Correspondents / Participants To: Dr. Ernst Wagner From: Douglas J. Fontein				
Subject / Title Austrian negotiations				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

FILES

November 10, 1958

J. H. Collier

Meeting with Representatives of the Berliner
Handelsgesellschaft

1. A meeting took place at 10:30 a.m. on Wednesday, October 29 between representatives of the Bank, the Austrian Government, the Berliner Handelsgesellschaft and the Verbundgesellschaft. The following were present:

For the Bank

Mr. Cope
Mr. Lejeune
Mr. Diamond
Mr. Collier
Mr. Fontein

For the Berliner Handelsgesellschaft

Dr. Dietrich Kassner
Mr. Zacharias (lawyer from New York)

For the Austrian
Government

Dr. Teufenstein
Ministry of
Finance
Dr. Plan, Austrian
Embassy

For the Verbundgesellschaft

Dr. Stahl
Dr. Kölliker
Mr. F. Oppenheimer

2. This meeting was arranged in order to discuss a proposal that the Berliner Handelsgesellschaft make an issue in Germany for the Verbundgesellschaft which would be secured by a pledge of revenues from a power export contract which the Verbundgesellschaft would arrange with a German or Swiss power company. This would only be possible if the Bank were to waive its rights under its negative pledge in Loans 148, 149, and in the forthcoming Aschach Loan, to share equally in the security. Originally, the proposal had envisaged an

Austrian Government guarantee in addition to the pledge, but the Bank had indicated that it would not waive its rights in such circumstances and the Austrian Government had also stated that it would not be prepared to give its guarantee to loans having specific security. The Berliner Handelsgesellschaft was nevertheless still anxious to arrange an issue even without a Government guarantee and had therefore suggested that the guarantee should operate only during the initial period of perhaps 5 years before the power contract became effective. The Verbundgesellschaft and the BHG had wished to discuss this approach with the Bank and Dr. Kassner had come to Washington for this purpose.

3. After welcoming Dr. Kassner, Mr. Cope explained that the Bank's interest in this problem arose not from its concern with the security of its loans to the Verbundgesellschaft but from its desire to see established a

sound pattern of international lending. In the Bank's opinion such a pattern should be on the basis of negative pledges since pledges of positive security would be likely to lead to undesirable complications and distinctions between debtors and creditors in the long run. The Bank believed therefore that specific security should be avoided wherever possible.

4. Dr. Kassner then gave a description of the present German capital market. He distinguished four sources of long-term money:

- (a) Mortgage Banks
- (b) Public pension funds and insurance institutions
- (c) Private insurance companies
- (d) The open market in general

For each of these, other than the last, there are legal regulations which govern the investment of their funds. Dr. Kassner gave an account of these regulations and agreed to prepare a memorandum for the Bank setting them forth in detail (see attachment). He explained that, without an assignment of revenues in German marks, the first three sources of capital given above could not be tapped since the issue would not receive the necessary approval of the German supervisory authorities. In that event the amount of the loan would have to be very much smaller. Dr. Kassner thought DM 50 million might be possible without an assignment but he could not state definitely that the BHG would go ahead with an issue in those circumstances. The BHG syndicate included credit institutions of all kinds and they were ready to make a first issue of DM 100 ^{million} and hope eventually to lend DM 300 million.

5. In reply to a question about the composition of the BHG syndicate, Dr. Kassner said that it consisted of the Bayerische Hypotheken und Wechselbank, the Bayerische Vereinsbank, the Bayerische Staatsbank, the Süddeutsche Bodenkredit and the Württemburger Girozentrale. Although these are all in southern Germany they have connections over the whole country and the money will therefore be obtained from all parts of Western Germany. Dr. Kassner was very cautious when asked whether he could say what proportions of the total issue the various types of investors would take. He thought probably 75% would go to institutional investors under groups, (a), (b), and (c) in paragraph 4.

6. Dr. Teufenstein asked whether the German issue would be likely to affect the prospects for the sale of the Austrian Government's dollar issue in Germany. Dr. Kassner said he was sure that it would not and that, in any event, the BHG could wait until January.

7. Mr. Cope thanked Dr. Kassner for his exposition of the situation in Germany and said that it held implications going beyond the immediate problem of the loan to the Verbundgesellschaft. It bore on the whole question of how far foreign borrowers might, in the future, expect to obtain long-term capital from Germany.

8. At another meeting on the following day Mr. Cope informed Dr. Stahl and Dr. Kassner that the Bank would agree to waive its rights under the negative pledge in respect of the first DM 100 million loan, provided that the Government guarantee was terminated when the pledge came into force. The Bank would provide Dr. Stahl with a statement setting forth its position.

November 10, 1958

Dr. Walther Kastner
Wien 9
Ferstelgasse 1
Austria

Dear Dr. Kastner:

I enclose copies of the draft Loan and Guarantee Agreements dated November 6, 1958, together with copies of the various side documents agreed upon during the negotiations with the Austrian delegation, and a copy of Loan Regulations No. 4 of the Bank dated June 15, 1956. I also enclose separately an amortization schedule for a loan of \$25 million with a maturity of 25 years and based on an interest rate of 6%.

In addition to the various matters to be covered in your legal opinion, as set forth in my memorandum of September 12, I would also ask you to cover in particular the provision of Section 3.06 of the Guarantee Agreement which deals with the rate covenant. The phrases "incurred within the limits of prudent business management", "taking into account both sound public utility practices and the maintenance of stable economic conditions within the territories of the Guarantor" and "all being in accordance with the provisions presently set forth in the Preisregelungsgesetz 1957 (Federal Law Gazette, No. 151 of July 11, 1957) of the Guarantor" were inserted at Dr. Teufenstein's insistence in order to avoid any conflict between this covenant and the Preisregelungsgesetz 1957. Dr. Teufenstein assured us that these **phrases**, and particularly the last one, would not prevent the Austrian Government from giving effect to this provision at any time in the future even if at that time the Preisregelungsgesetz 1957 had been materially amended or even abolished. We would appreciate it if your opinion on the Guarantee Agreement would specifically deal with this point.

With kindest regards,

Very truly yours,

Douglas J. Fontein

DJFontein:ea

Austria-Point-

DR. RUDOLF STAHL

GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

WIEN I, November 10, 1958
AM HOF 6
TEL.: 63-07-71

F.

Mr.

Davidson Sommers

Vice-President of the
International Bank for
Reconstruction and Development

Washington 25, D.C.
1818 H Street N.W.


Dear Mr. Sommers:

Back in Vienna I wish to thank you, also for
Mr. Kölliker, for the kind receiving in Washington.

The negotiations which according to their feature
were not always easy, came to a good end thanks to the sen-
sible bearing of the managment and executive staff. Certainly
a positive perspective for the development of the Austrian
Power Industry has been opened for the next years.

I should be very pleased to meet you during a
probable trip to Europe here in Vienna and I remain with
kindest regards

Sincerely yours



VERBUNDGESELLSCHAFT

RECEIVED

GENERAL FILES
CORRESPONDENCE

NOV 14 9 13 AM 1958



[The body of the document contains extremely faint, illegible text, likely bleed-through from the reverse side of the page. The text is too light to transcribe accurately.]

November 10, 1958

Dr. Wilhelm Teufenstein
Ministerialrat
Ministry of Finance
Wien I
Himmelpfortgasse 8
Austria

Dear Dr. Teufenstein:

I enclose a copy of the draft Loan and Guarantee Agreements dated November 6, 1958 for the Aschach Project as agreed upon during the negotiations, together with a copy of each of the various draft side documents. I also enclose separately an amortization schedule for a loan of \$25 million with a maturity of 25 years and based on an interest rate of 6%.

I would like to point out that the draft of the enclosed Loan and Guarantee Agreements differs in six minor respects from the draft as agreed upon by us during the negotiations and from the draft dated November 5 given to Dr. Hermann. These minor changes are indicated in red and are found on pages 13, 15 and 21 of the Loan Agreement and on pages 2 and 8 of the Guarantee Agreement. These changes do not affect the substance of any of the agreements but are in the nature of corrections which were found necessary upon a careful reading of the documents. I would appreciate it if you would inform me that these changes are agreeable.

With kindest regards,

Very truly yours,

Douglas J. Fontein

Enclosures

DJFontein:ea

November 10, 1958

Dr. Hans Mosbauer
Generaldirektor
Österreichische Donaukraftwerke
Aktiengesellschaft
Wien I
Hohenstaufengasse 6
Austria

Dear Dr. Mosbauer:

I enclose two copies of the draft Loan and Guarantee Agreements dated November 6, 1958, together with copies of the various side documents. The draft Loan and Guarantee Agreements differ in six minor respects from the drafts dated November 5 which I gave to Dr. Hermann in my office. The differences occur on pages 13, 15 and 21 of the Loan Agreement and on pages 2 and 8 of the Guarantee Agreement, and are marked in red. They are not changes of substance but rather corrections which were found necessary upon a careful reading of the documents. I would appreciate it if you would inform me that these changes are agreeable.

There is also enclosed separately an amortization schedule for a loan of \$25 million with a maturity of 25 years and based on an interest rate of 6%.

I am also sending copies of these documents to Dr. Teufenstein, Dr. Kastner, Dr. Stahl and Dr. Wagner.

With kindest regards,

Very truly yours,

Douglas J. Fontein

DJFontein:ea

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DECLASSIFIED

MAY 18 2018

WBG ARCHIVES

CONFIDENTIAL

R 58-116

(For consideration by the
Executive Directors on
November 13, 1958)

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

FROM: The Secretary

November 7, 1958

PROPOSED LOAN - AUSTRIA

There is attached for information a report
"Appraisal of the Aschach Hydro Power Project -
Austria"

The Preliminary Report of the President (R58-112)
on the proposed loan for the project was circulated on
November 6, 1958.

Distribution

Executive Directors and Alternates
President
Vice Presidents
Department Heads

November 6, 1958

Harold Manheim, Esq.
Wachtell Manheim & Grouf
15 Broad Street
New York 5, New York

Dear Harold:

Thank you for your letter of November 5. Enclosed
please find the latest draft of our Loan and Guarantee
Agreements for the Aschach Project, together with a copy
of Loan Regulations No. 4 of the Bank.

Sincerely yours,

Douglas J. Fontein

Enclosures - 3

DJFontein:ea

November 6, 1958

William J. Schrenk, Esq.
Cravath, Swaine & Moore
15 Broad Street
New York 5, New York

Dear Bill:

Thank you very much for sending me your revised time table and the new proof of the Prospectus. I have started to read the Prospectus and hope to give you my comments in the next few days.

Enclosed please find a copy of our draft Loan and Guarantee Agreements for the Aschach Project, together with a copy of Loan Regulations No. 4.

Sincerely yours,

Douglas J. Fontein

Enclosures - 3

DJFontein:ea

(not for public use)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

*Files
Austria Joint*

**FOR
EXECUTIVE
DIRECTORS'
MEETING**

DECLASSIFIED

MAY 18 2018

WBG ARCHIVE

CONFIDENTIAL

R 58-112

(For consideration by the
Executive Directors on
November 13, 1958)

FROM: The Secretary

November 6, 1958

PROPOSED LOAN - AUSTRIA

The attached Preliminary Report of the President on a proposed loan - Austria (Aschach Project) will be considered by the Executive Directors at their Regular Meeting on Thursday, November 13, 1958.

Attachment

Distribution:

Executive Directors and Alternates
President
Vice Presidents
Department Heads

Sec. 58-407

OUTGOING WIRE

CLASS OF SERVICE: NLT

DATE: NOVEMBER 4, 1958

TO: ALFRED W. BARTH
VICE PRESIDENT
CHASE MANHATTAN BANK
18 PINE STREET
NEW YORK

will

COUNTRY (NEW YORK)

TEXT:

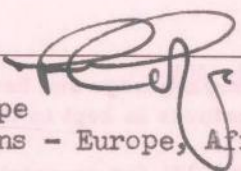
Cable No.

UNFORTUNATELY I AM RETAINED WASHINGTON NEGOTIATIONS AND
UNABLE TO LUNCH WITH YOU TOMORROW WILL CALL YOU IN NEW YORK

KOELLIKER

AUTHORIZED BY:

NAME: S. R. Cope
DEPT: Operations - Europe, Africa & Australasia

SIGNATURE: 
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

DISPATCHED

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

OUTGOING WIRE

CLASS OF SERVICE: NIGHT LETTER

DATE: OCTOBER 28, 1958

TO: KASTNER
WIEN IX
FERSTEIGASSE 1

COUNTRY (AUSTRIA

mnv

TEXT:

Cable No.

Legal

REUR LETTERS SEPTEMBER THIRTY AND OCTOBER TWENTYONE DELIVERED BY
MOSBAUER COMMA DRAFT OPINION INCLUDING PROPOSED GERMAN DECLARATIONS
SATISFACTORY

FONTEIN

Signed: Fontein
(Type in last name of sender)

AUTHORIZED BY:

NAME: D.J. Fontein

DEPT: Legal

SIGNATURE: *Douglas J. Fontein*
(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

DJFontein:ea

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

GUIDE FOR PREPARING OUTGOING WIRES

DISPATCHED
 GENERAL FILES
 CORRESPONDENCE
 OCT 29 5 38 AM 1958

1. Class of Service
 Type in class of service desired. Each class is described as follows:
 Letter Telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
 Full Rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
 IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

2. Address
 Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Beirut, Rio de Janeiro, Bogota, Guatemala City, Bangkok, Karachi, Quito and Tegucigalpa. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and Washington. The name of the country of destination must always be added. (No charge is made for the name of a country).
 Text
 Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

3. Text
 Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.
 Use common abbreviations whenever possible, i.e. recourlet, reurtive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, New York, enduse.
 4. Signature
 Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.
 5. Authorization
 Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.
 Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

Day Letter
 Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
 Teletype
 To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

Code
 Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.
 Day Letter
 Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
 Teletype
 To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

* Peru	Guatemala	Cuba	Bolivia
* Syria	Honduras	Dominican Republic	Brazil
* Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	* France	Colombia
	Panama	Greece	Costa Rica

1. Class of Service
 Type in class of service desired. Each class is described as follows:
 Letter Telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
 Full Rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
 IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

* Peru	Guatemala	Cuba	Bolivia
* Syria	Honduras	Dominican Republic	Brazil
* Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	* France	Colombia
	Panama	Greece	Costa Rica

Austria -

OFFICE MEMORANDUM

TO: Files

DATE: October 24, 1958

FROM: J. H. Collier *JH*

SUBJECT: Austria - Forthcoming Negotiations for Aschach Project

1. The Working Party met on October 22, 1958, to consider certain points in connection with the negotiations for the proposed Aschach Loan. Present were Messrs. Collier, Spottswood, Fontein, Rutland, and Jentgen.

2. The Working Party considered the following three matters:

- (a) Disbursement of the loan. The local expenditure part of the loan could be disbursed either in the same manner as Loan 102 AUA, that is, as a proportion of total local expenditure, or, as was the case in Loans 148 and 149, by disbursing specified amounts each year. The Working Party had a slight preference for the first method but this would be discussed with the V.G. There would be a separate category for imports.
- (b) It was agreed that we would not include a clause similar to Section 5.08 of Loans 148 and 149. The clause precluded the V.G. from embarking on any substantial investment outside some defined "Program" without the consent of the Bank and the Austrian Government. The reasons which prompted the inclusion of this Section in the previous loans now seemed less important; in particular because the V.G.'S prospects of borrowing from other European countries have improved. Moreover, it would be difficult for the Bank to make use of such a clause without thereby providing the V.G. with a strong argument for another loan from the Bank.
- (c) Mr. Spottswood suggested that it would be desirable to obtain a statement from the Government agreeing to some specific rate of return on investment as a goal which it would be reasonable for the V.G. to aim at. It was agreed that a possible procedure would be to send a letter to the Austrian authorities requesting a statement of their policy on power rates and at the same time setting out the Bank's view that the rate return should be somewhat above the cost of borrowed funds.

cc: Mr. Cope
Mr. Spottswood
Mr. Fontein
Mr. Rutland

Austria - Vant

INCOMING WIRE

DATE OF WIRE: **OCTOBER 23, 1958**

TO: **INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

FROM:

WIEN

TEXT:

FINANCE COMMITTEE OF PARLIAMENT HAS JUST PASSED EMPOWERING LAW

WAGNER

ROUTING	
ACTION COPY TO	MR. COLLIER
INFORMATION COPY TO	
Decoded By	

INCOMING MAIL

ROUTED TO
ATTENTION COPY TO
INFORMATION COPY TO
INDEXED BY

DATE OF MAIL RECEIVED: 10/23/58

TO: [REDACTED]

FROM: [REDACTED]

REPLY TO [REDACTED]

TYPED

GENERAL FILES
CORRESPONDENCE

OCT 23 2 08 PM 1958



BUFILE

TRANSLATION

*Austria -
omit*

I N C O M I N G W I R E

OCTOBER 20, 1958

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

COPY TO: MR. LEJEUNE

WIENNA

IN AGREEMENT WITH GOVERNMENT COMMA WHO APPROVE THIS CABLE COMMA WE THINK
YOUR QUESTIONS RE BHG PROPOSITION CAN BE SATISFACTORILY ANSWERED ORALLY
STOP WE ARE INVITING BHG REPRESENTATIVE SO AS TO BE READY TO PROVIDE
DETAILED INFORMATION

STAHL

*Austria -
FILES, Joint
(15801)*

INCOMING WIRE

DATE OF WIRE: OCTOBER 20, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM: WIENNA

ROUTING	
ACTION COPY TO	MR. LEJEUNE
INFORMATION COPY TO	
Decoded By	

TEXT:

IN UEBEREINSTIMMUNG MIT REGIERUNG, DIE DIESES FERNSCHREIBEN
 BILLIGT, GLAUBEN WIR IHRE FRAGEN RE BHG PROPOSITION IN MUENDLICHER
 VERHANDLUNG BEFRIEDIGEND BEANWORTEN ZU KOENNEN. WIR LADEN BHG EIN,
 REPRaesENTANTEN ZWECKS IHRER DIREKTEN DETAILINFORMATION BEREITZUHALTEN

GRUESSE STAHL

INCOMING WIRE

ROUTING
ACTION COPY TO
INFORMING COPY TO
Decided by

DATE OF WIRE: OCTOBER 20, 1968
 TO: [REDACTED]
 FROM: [REDACTED]
 WIRE NO.: [REDACTED]
 TEXT: [REDACTED]

TYPED IN
 GENERAL INVESTIGATIVE
 CONGRESS DIVISION
 OCT 20 4 49 PM 1968

INCOMING WIRE

DATE OF WIRE: **OCTOBER 15, 1958**

TO: **INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

FROM:
WIEN

TEXT:

CABINET MEETING HAS PASSED EMPOWERING LAW YESTERDAY.

I WILL PROVIDE DRAFT

WAGNER

ROUTING	
ACTION COPY TO	MR. FONTEIN
INFORMATION COPY TO	
Decoded By	

TYPED

GENERAL FILES
CORRESPONDENCE

OCT 16 10 09 AM 1958



TO:

1. THE SECRETARY

GENERAL INVESTIGATIVE DIVISION

BY:

NAME

UNIT

THE SECRETARY

GENERAL INVESTIGATIVE DIVISION

DATE OF FILE: OCTOBER 16, 1958

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 16 1958	
FBI - MEMPHIS	

INCOMING MAIL

*American
Cable
Co*

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: OCTOBER 15, 1958

TO: STAHL
VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA)

mnv

TEXT:

Cable No.

OCTOBER TWENTY SEVEN AGREEABLE TO US FOR NEGOTIATIONS STOP SEPARATE
CABLE FOLLOWS ON BERLINER HANDELSGESELLSCHAFT PROPOSAL

LEJEUNE

AUTHORIZED BY:

NAME: Michael L. Lejeune
DEPT: Operations, EAA

[Handwritten Signature]

SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

JHCollier:fgs:vmc

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

*Resp after
office hrs.*

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

* Peru	Guatemala	Cuba	Bolivia
* Syria	Honduras	Dominican Republic	Brazil
Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	* France	Colombia
	Panama	Greece	Costa Rica

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBARAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate "Stop," etc. unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Use common abbreviations whenever possible, i.e. rounder, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature Type in last name of sender. Use INTBARAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.


ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

October 15, 1958

Dear Bill:

There is enclosed a copy of the Technical Report. As I explained, this is a confidential version and is subject to change before presentation to the Executive Directors.

Yours sincerely,



J. H. Collier

Mr. W. Schrenk
Cravath, Swaine & Moore
15 Broad Street
New York 5, N.Y.

JHCollier:fgs

Messrs. Spottswood, Cancio, Fontein, Rutland

October 15, 1958

J. H. Collier *W*

Forthcoming Austrian Negotiations

← Oct 15/58

We have just received a cable from Dr. Stahl, proposing to begin negotiations for the Aschach loan on Monday, 27 October and stating that this date has been agreed to by Dr. Teufenstein.

We have informed Dr. Stahl that this date is acceptable to us.

JHCollier:fgs

Mr. Collier 809
FILES
Austria-Joint

INCOMING WIRE

DATE OF WIRE: OCTOBER, 15, 1958

TO: LEJEUNE
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
FROM: VIENNA

ROUTING
ACTION COPY TO MR. LEJEUNE
INFORMATION COPY TO
Decoded By

TEXT:

BETR. IHR SCHREIBEN VON 3.10.1958. ✓

EINVERNEHMLICH MIT DR. TEUFENSTEIN, DER IHNEN OFFIZIELLE MITTEILUNG
SCHICKT, ERLAUBEN WIR UNS UNSERE VERHANDLUNGSBEREITSCHAFT MIT
DR. TEUFENSTEIN IN WASHINGTON FUER MONTAG, DEN 27. OKTOBER VORZU-
SCHLAGEN.

BESTE GRUESSE

STAHL

TYPED

GENERAL FILES
CORRESPONDENCE

OCT 15 10 39 AM 1958

• • •

DEPT OF STATE

OFFICE

TO: DIRECTOR, BUREAU OF CONSULAR AFFAIRS
FROM: [Illegible]
SUBJECT: [Illegible]

TEXT

RE: [Illegible]

SHOW

AND DEPARTMENT OF STATE
INVESTIGATION OF THE [Illegible]

AD

DATE OF BIRTH

[Illegible]

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 15 1958	
FBI - [Illegible]	

INCOMING MAIL

RECEIVED

EX-100

Austria-Font-

CROSS REFERENCE SHEET

COMMUNICATION: Letter No. 1

DATED: October 10, 1958

TO: Mr. Christian Finne, Danish Mission.

FROM: J. Fajans

FILED UNDER: Luxembourg - Our River project.

SUMMARY: Para. 3.

In this connection, I have taken due note of the penultimate paragraph of your letter and have talked to Hugh Collier about the tentative Austrian program. I have the feeling that Austria takes precedence over Luxembourg as far as you are concerned. Nevertheless, I may still before leaving here communicate with you about your future movements.

October 10, 1958

Dear Dr. Wagner:

Thank you very much for sending me a copy of your letter to Douglas on the power rate question and also for keeping us in touch with the progress of the new law. We have sent off the formal invitation to the government and the Verbund to enter negotiations for the loan so that, at the present moment, the question of timing depends on them. We are ready when they are. I gather that Kuhn Loeb are now thinking in terms of an issue around the end of November so that it looks as if in any case we shall be about ten days later than we estimated on our original timetable.

I am not sure whether or not I have understood the full import of your letter on the power rate covenant. Am I right in thinking that your argument is that the Price Control Law simply says that the Ministry of the Interior may determine economically justified prices but that he is not compelled to? Therefore if the government signed a Bank loan agreement containing the covenant, it would mean that the Ministry of the Interior would simply not apply Section 3, paragraph 1, but instead the government would apply the new covenant. Thus in effect the Ministry of the Interior would undertake not to apply the Price Control Law to electric power. Finally, in connection with your last sentence, the normal procedure for signing the Loan and Guarantee Agreements would be for the Ministerrat to approve them and authorize the Ambassador here to sign them on behalf of the government. Would this be good enough to commit the Minister of the Interior or would he have to give a separate consent, for example? I hope all this is not too glaring an example of the non-legal mind at work.

Incidentally, I fully appreciate the point of your paragraph 3 but

Dr. Ernst Wagner
Karntnerring 10
Vienna, Austria

Dr. Ernest Wagner

- 2 -

October 10, 1958

I don't think it's true to say that there is "eine mit dem vorgesehenen Vertrag verbundene Erhöhung der Stromtarife." The proposed covenant contains a reference to a reasonable return on the equity ("Eigenmittel") so that it would first be necessary to interpret what is reasonable.

With best wishes,

Sincerely,



J. H. Collier
Department of Operations
Europe, Africa and Australasia

JHCollier:vmc

cc: Mr.Fontein

DECLASSIFIED

MAY 18 2018

STAFF LOAN COMMITTEE

WBG ARCHIVES

SLC/M/730

October 10, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, September 26, 1958 at 11:00 a.m. in Room 1005

1. Present:

- | | |
|--------------------------------|---------------------------------|
| Mr. Davidson Sommers, Chairman | Mr. L. Nurick |
| Mr. S. Aldewereld | Mr. P. G. Ramm |
| Mr. M. L. Lejeune | Mr. R. J. Goodman |
| Mr. G. N. Perry | Mr. D. Avramovic |
| Mr. I. P. M. Cargill | Mr. H. G. A. Woolley, Secretary |

In attendance:

- | | |
|---------------------|----------------------|
| Mr. E. B. Arnold | Mr. J. Jentgen |
| Mr. K. Bohr | Mr. S. Lipkowitz |
| Mr. L. Cancio | Mr. M. Piccagli |
| Mr. J. H. Collier | Mr. A. D. Spottswood |
| Mr. J. d'Oilliamson | Mr. E. Symonds |
| Mr. J. Fillipi | Mr. A. Wenzell |
| Mr. D. J. Fontein | |

2. Austria

The Committee considered Memorandum SLC/O/973 on the proposed loan for the Aschach project, and

AGREED that

- (a) subject to assurance from the underwriters that they are prepared to go ahead with the proposed operation, representatives of the Government and the two power companies should be invited to come to Washington to negotiate the proposed loan for the Aschach project;
- (b) a loan of \$25 million would be appropriate but a final decision on the amount should be taken only when the Bank's commitment, if any, for the standby is clear;
- (c) the Bank should hold further discussions with the underwriters on the question of the form and amount of a standby agreement;
- (d) the proposed loan should be made jointly to the Verbundgesellschaft and the Oesterreichische Donaukraftwerke;
- (e) the Government should be informed that the Bank will require an undertaking from the Government to establish rates which will permit the Verbundgesellschaft and its associated companies to earn enough revenue to cover their operating costs, depreciation or contractual amortization (whichever is greater), and a reasonable return on their equity;

(f) as in the case of previous loans to Austria, the proceeds of the loan could be used to meet local expenditures as well as the cost of imports, subject to adequate provision being made for competitive bidding.

3. The meeting adjourned at 12:50 p.m.

Mr. H. G. A. Woolley

October 7, 1958

M. L. Lejeune

Austria - Invitation to Negotiations for New Loan

I suggest the following be circulated to the Executive Directors for information:

"The Bank has invited the Austrian Government, the Verbundgesellschaft (Austrian Public Power Company), and the Donaukraftwerke (Danube Power Company) to send representatives to Washington for negotiations for a loan to be made for the Aschach hydro-electric power project. It is proposed that this loan be made simultaneously with a public bond issue by the Austrian Government in New York which is expected to take place around the end of November. Half of the proceeds of the bond issue are expected to be used for the Aschach project and the remainder for investment by the Government in the railway, highway and telephone systems."

JHCollier:mea

cc: JH Collier

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

*Austria-Joint-
Demand
Waltkin
File*

MEMORANDUM

TO: Files
FROM: S. R. Cope
SUBJECT: Austria

October 7, 1958

1. Mr. Miller and I met with Mr. N. Samuels on October 3, 1958.
2. Mr. Samuels said that the timetable proposed by Dr. Teufenstein was as follows:

October 20 (Mon.) Dr. Teufenstein arrives in Washington for negotiations.
30 (Thur.) Registration statement filed.
November 19 (Wed.) Offering.

3. This, Mr. Samuels said, was impracticable since presumably the Bank would not be ready for giving the green light on October 30. He therefore proposed the following alternatives:

November 6 (Thur.) Filing
26 (Wed.) Offering
or November 13 (Thur.) Filing
December 3 (Wed.) Offering

This, however, appeared to conflict with Dr. Teufenstein's plans.

4. In response to ^{Mr Cope's} (my) question, Mr. Samuels gave the following guesses about the placing of the public issue:

Austria	\$ 8 million
Switzerland	3 "
Germany	10 "
Rest of Europe	4 "
U.S.A.	5 "
	<hr/>
	<u>\$30 million</u>

If the bonds placed in Germany gave holders the option of payment in marks, it might be possible to place as much as \$15 million. The placing of \$3 million in Switzerland depended on a settlement of the Danube Save and Adriatic Railway bonds. Dr. Kamitz was prepared to negotiate on a bilateral basis.

5. ^{Mr Cope} (1) asked Mr. Samuels whether he had given thought to the nature of the standby arrangement proposed. He said that Dr. Stahl had at

first opposed the idea of a standby on the ground that it would reduce the amount of the Bank's loan. Mr. Samuels, however, had denied this and Dr. Stahl had been reassured.

6. Mr. Samuels said that he wanted a standby only if it were unlikely that the Bank would be called upon to take up its commitment. I said that this was the Bank's view too.

Mr. Cope

A handwritten signature in blue ink, appearing to be 'J. B. Knapp', written in a cursive style.

SR Cope-pnn

cc: Mr. J. B. Knapp
Mr. D. Sommers
Mr. M. L. Lejeune

(not for public use)

*Austria
Touit*

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DECLASSIFIED

MAY 18 2018

CONFIDENTIAL

WBG ARCHIVES

Sec 58-180

FROM: The Secretary

October 7, 1958

LOAN NEGOTIATIONS - AUSTRIA

The Bank has invited the Austrian Government, the Verbundgesellschaft (Austrian Public Power Company), and the Donaukraftwerke (Danube Power Company) to send representatives to Washington to negotiate a loan for the Aschach hydroelectric power project (R 58-87). It is proposed that this loan, if approved, be made simultaneously with a public bond issue by the Austrian Government in New York which is expected to take place about the end of November. Half of the proceeds of the bond issue are expected to be used for the Aschach project and the remainder for investment by the Government in the railway, highway and telephone systems.

Distribution:

Executive Directors and Alternates
President
Vice Presidents
Department Heads

Sec. 58-388

1. Mr. Hejimey
*2. FILES. Austria -
Wien*

INCOMING WIRE

DATE OF WIRE: OCTOBER 7, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM:
WIEN

ROUTING
ACTION COPY TO MR. COLLIER
INFORMATION COPY TO
Decoded By

TEXT:

ENABLING

AGREED.

AMBLING LAW NOT FINALLY GREAT UPON. WILL BE DISCUSSED
AGAIN AT NEXT CABINET MEETING OCTOBER 14TH. AT THE MOMENT NO
CHANGE OF TIMETABLE NECESSARY

ERNST WAGNER

LOOKING WIRE

ROUTING
APPROVED BY
DATE
INITIALS

DATE OF FILING: 10/8/58
 TO: DIRECTOR, FBI
 FROM: SAC, [illegible]
 SUBJECT: [illegible]

RE: [illegible] (NY 100-100000-100)
 [illegible] (NY 100-100000-100)
 [illegible] (NY 100-100000-100)

TYPED
 GENERAL FILES
 CORRESPONDENCE

OCT 8 10 00 AM 1958



October 3, 1958

Dear Dr. Stahl:

I enclose a letter which we have today sent to the Minister of Finance. As you will see, the letter states that the Bank is prepared to enter negotiations for a loan for the Aschach project and consequently I should like to invite you and representatives of the Donaukraftwerke to come to Washington for this purpose. We suggest the date of October 20 as was previously agreed in the provisional timetable prepared in cooperation with the underwriters for the forthcoming government bond issue. It may well be, however, that a later date will be more convenient. I expect Dr. Teufenstein will inform you of his plans in this connection.

You will also notice the remarks concerning a rate covenant in our letter to the Minister. The type of covenant we have in mind would cover matters similar to those included in the undertaking in the side letter on this subject to which the Verbundgesellschaft has already agreed on the occasion of previous loans. While, therefore, it would be no new departure for the Verbundgesellschaft, it would represent an additional undertaking on the part of the government.

I have also just received your letter of September 20, concerning the Berliner Handelsgesellschaft. I shall write another letter to you shortly on this matter but because of its importance, I fear it will not be possible to give you a reply until we have had time to consider the matter in all its implications.

I look forward to meeting you again in Washington.

With best personal wishes,

Sincerely yours,

Michael L. Lejeune
Assistant Director of Operations
Europe, Africa and Australasia

Dr. Rudolf Stahl
General Manager
Verbundgesellschaft
Am Hof 6
Vienna, Austria

JH Collier:vmc

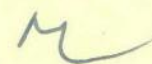
cc: Messrs. Cope, Fontain/Cancio, Spottswood, Rutland

October 3, 1958

Dear Dr. Teufenstein:

I am enclosing for your information a copy of a letter to Minister Kamitz which we have today sent to Vienna. We shall be happy to hear from you with regard to your plans for visiting Washington for the negotiations and I look forward to seeing you again at that time.

Yours sincerely,



Michael L. Lejeune
Assistant Director of Operations
Europe, Africa and Australasia

Dr. W. Teufenstein
Alternate Governor
Delegation of Austria
Fund-Bank Meetings 1958
Vigyan Bhavan
Post Bag No. 600
New Delhi, India

October 3, 1958

Dear Mr. Minister:

The Bank has now had an opportunity to consider the findings of the mission which visited Austria last August in order to examine the financial requirements for investment in the electric power industry and to appraise projects which might be suitable for a Bank loan.

After studying the financial position of the Verbundgesellschaft and its future construction program, we believe that the Aschach project would be an appropriate project for a Bank loan and we are prepared to enter negotiations with representatives of your government and of the Verbundgesellschaft and Donaukraftwerke for this purpose.

In our consideration of the financial position of the Verbundgesellschaft we paid particular attention to its future earnings prospects. In view of the importance of this matter we shall wish to include in the Loan and Guarantee Agreements provisions which will ensure rates that will permit the earnings of the Verbundgesellschaft and its associated companies to be maintained at a level sufficient to cover operating costs, adequate depreciation or contractual amortization whichever is the greater, interest charges and a reasonable return on the equity ("Eigenmittel"). The details of this provision can, of course, be discussed during the negotiations in Washington.

Our proposal to enter negotiations is based on the assumption that our loan would be made simultaneously with a government bond issue in New York. During the recent discussions in Vienna, a provisional timetable was prepared in cooperation with representatives of the underwriters which envisaged that a delegation representing the Austrian Government and the power companies would arrive in Washington on October 20th both for the negotiations on the Bank loan and for

Dr. Reinhard Kamitz
Minister of Finance
Vienna
Austria

Dr. Reinhard Kamitz

- 2 -

October 3, 1958

for discussions concerning the bond issue. However, if it should prove more convenient for your delegation and for the underwriters we would be happy to agree to a later date.

Yours sincerely,

Davidson Sommers
Vice President

cc: Mr. Gope
Mr. Fontein/Cancio
Mr. Spottswood
Mr. Rutland


JH Collier :vmc

Austria

Mr. P. J. Squire

October 3, 1958

A. D. Spottswood

Notes for Mr. Alderfeld

Nicaragua

I have cabled to Salvo, General Manager of Empresa, reminding him that I was expecting information on rate reduction which he mentioned to me when he was in Washington, and its probable effect on Empresa's revenues.

On Wednesday, at my suggestion, Neil Perry arranged a conference with Mr. Ryan of IELF, who handles Nicaragua, to discuss the question of IELF's financing the local currency costs of the Rio Tuma project. Mr. Ryan stated that the Nicaraguans had made the request for this financing (along with the financing of several other projects) and indicated that Rio Tuma was of the highest priority. While Mr. Ryan could not, of course, make any definite commitments, he said that IELF was interested in making some loans in Nicaragua and would certainly be sympathetic to providing some funds for Rio Tuma. He thought, however, that there might be some difficulty in making a commitment for the entire amount of local currency required (approximately \$7 million equivalent) as IELF would not like to tie up this amount of money for five years. It would be preferable if IELF could supply the requirements for the first three years which will amount to approximately \$4 million equivalent with the understanding that the Nicaraguans could come back at a later date if they could not find the remaining \$3 million.

It was the consensus that it might be reasonable to expect the Nicaraguans to guarantee to the Bank to provide the \$3 million. These preliminary discussions will be followed up, but on the strength of Mr. Ryan's statements it seems reasonable to proceed with our appraisal of the project.

✓ Austria

Letters will go out today to Dr. Kamitz, Finance Minister, and Dr. Stahl, Director of Verbundgesellschaft, inviting them to send negotiators to Washington. In the letter to Dr. Kamitz, it was stated that the Bank would expect to receive a covenant from the Government on rates, and spelled out the DVC formula as being the substance of the covenant the Bank would require.

Thailand

We understand that the IELF is scheduled to take some action this afternoon on the \$20 million loan for the distribution system. About \$3.7 million would be in U. S. \$ and \$16.3 million equivalent in non-dollar currencies. The Ex-Im Bank has not yet acted on the \$13.7 million proposed loan for the thermal plant as they have not received any word from the Thai Government regarding the acceptance of this much dollar loan for the thermal plant.

Mr. P. J. Squire

- 2 -

October 3, 1958

Miscellaneous

The Progress Report on New Projects dated October 2, 1958, will give any further information.

ADDspottswood:peg

ROUTING SLIP

Date

NAME

ROOM NO.

~~M. Keyser~~

~~813~~

~~H. Golden~~

~~829~~

FILES

21D

(# 58 of order)
Amtrid

Action

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

To Handle

REMARKS

This is interesting

Very good!

MC

From

Mr. Collier
Room 809

Dr. W/Ko

October 1, 1958.

Mr. Douglas J. Fontein
c/o Fund-Bank Meetings 1958
Bigyan Ghavan, Post Bag No. 600
New Delhi, India

Dear Douglas:

I thank you for your letter of September 26. I read with interest your account of the Staff Loan Committee Meeting. As to your question whether the Government can give its consent to an agreement providing a rate increase of electric current, it is my opinion that the Government can do this in spite of the 1957 law on price regulation, because Section 3, par. 1, of this law provides that the Federal Ministry of the Interior may, in agreement with the principally interested Federal Ministries, determine economically justified prices and compensations for goods and services subject to official price regulations.

The provision of section 3, par. 2, which you quote, is therefore only applicable if the permissive provision of par. 1, section 3 is applied.

At this time I am unable to answer the question whether the Government will conclude the contemplated agreement in spite of the rate increase therein implied.

There seems to be no ground for being concerned with the possibility that parliamentary approval might be necessary under Art. 50 of the Austrian Federal Constitution because the contemplated agreement does not purport to change the law and in particular it does not change the existing 1957 law on price regulations. In my opinion the government in signing the agreement would do no more than make use of its discretionary power within the framework of the price regulation law. Furthermore, it should be pointed out that the Minister of the Interior, who, under section 3, par. 1, is empowered to determine the price and compensation for goods and services subject to official price regulations, as Member of the Government, ^{must} sign the agreement.

Yours...

Ernst Wagner.

cc: Mr. Hugh Collier

TRANSLATION SECTION
Translated From: German 10.7.58 By: AB:rm

1. Oktober 1958

Dr. W/Ko.

Mr. Douglas J. Fontein
c/o FUND-BANK MEETINGS 1958
Bigyan Bhavan, Post Bag No. 600,
New Delhi, India

Lieber Douglas!

Ich danke Dir für Dein Schreiben vom 26.v.M. und habe mit Interesse Deinen Bericht über die Sitzung des Staff Loan Committee gelesen. Was Deine Frage anlangt, ob die Regierung einen Vertrag, welcher eine Erhöhung der Stromtarife vorsieht, zustimmen könnte, so bin ich der Meinung, dass die Regierung dies trotz des Preisregelungsgesetzes 1957 machen kann, weil dieses Gesetz in seinem § 3 Absatz 1 vorsieht, dass das Bundesministerium für Inneres im Einvernehmen mit den in ihrem Wirkungsbereich vornehmlich berührten Bundesministerien volkswirtschaftlich gerechtfertigte Preise und Entgelte für die der behördlichen Preisregelung unterliegenden Sachgüter und Leistungen bestimmen kann.

Die von Dir zitierte Bestimmung des Absatzes 2 des vorgenannten § 3 kommt also nur dann zur Anwendung, wenn von der Kannbestimmung des § 3 Absatz 1 Gebrauch gemacht wird.

Ob die Regierung den vorgesehenen Vertrag trotz der damit verbundenen Erhöhung der Stromtarife abschliessen wird, ist eine Frage, die ich augenblicklich nicht beantworten kann.

Bedenken nach Artikel 50 der österreichischen Bundesverfassung in der Richtung, dass die Zustimmung des Nationalrates erforderlich wäre, scheinen nicht am Platz, da der

TRANSLATED

OCT 7 1958

I.B.R.D.

vorgesehene Vertrag einen gesetzändernden Inhalt nicht aufweist, insbesondere nicht das bestehende Preisregelungsgesetz 1957 ändert. Meiner Ansicht nach würde die Regierung bei Abschluss des Vertrages nur von ihrem Ermessen im Rahmen des Preisregelungsgesetzes Gebrauch machen. Zu erwähnen ist noch, dass der Innenminister, welcher nach § 3 Absatz 1 die Preise und Entgelte für die der behördlichen Preisregelung unterliegenden Sachgüter und Leistungen bestimmen kann, den Vertrag als Mitglied der Regierung unterzeichnen müsste.

Mit den besten Grüßen

Dein

PS.: Kopie geht an Mr. Hugh Collier.

RECEIVED
GENERAL FILES
CORRESPONDENCE

OCT 6 10 02 AM 1958



Благодарю Вас за письмо от 11.09.58.

Ваш

И. И. Иванов

Ваше письмо от 11.09.58 получено. В ответ на него сообщается, что в настоящее время в архиве не сохранилось документов, относящихся к делу № 12345. Однако, в соответствии с требованиями закона, все документы, касающиеся данного дела, будут переданы в установленном порядке. Просьба подождать до конца октября 1958 года.

Austria Joint
FILES
(New operation)

INCOMING WIRE

DATE OF WIRE: SEPTEMBER 30, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

ROUTING
ACTION COPY TO MR. J. HUGH COLLIER
INFORMATION COPY TO
Decoded By

TEXT:

NO AGREEMENT COULD BE REACHED ON TEXT OF NEW LAW AT CABINET MEETING OF TODAY. SOCIALISTS INSIST THAT NECESSITY OF GIVING PARLIAMENT FULL INFORMATION ON ALL CONTRACTS CONCLUDED ON BASIS OF LAW BE ENACTED IN LAW. NEW ARTICLE FIVE HAS BEEN DRAFTED AND APPROVED BY VERFASSUNGSDIENST AS FOLLOWS DIE BUNDESREGIERUNG HAT DEM NATIONAIRAT VERTRAEGE GEMAESS PARAGRAPH I UNMITTELBAR NACH IHREM ABSCHLUSS UND UNBESCHADET DER RECHTSWIRKSAMKEIT ZUR KENNTNIS ZU BRINGEN DER NACH MASZGABE DES GESETZORDNUNGSGESETZES HIERUBER ZU BESCHLIESSEN HAT. ACCORDING TO GESCHAEFTORDNUNGSGESETZ PARLIAMENT MAY DEBATE SUCH CONTRACT AFTER THEIR CONCLUSION IT MAY INQUIRE ABOUT IT AND IT MAY IN AN EXTREME CASE DECLARE ITS VOTE OF NO-CONFIDENCE BUT ALSO THIS WOULD HAVE NO EFFECT ON THE VALIDITY OF THE CONTRACT CONCLUDED. LAW WITH THIS SECTION FIVE WILL BE DEALT AT NEXT CABINET MEETING ON OCTOBER 7. BUNDESKANZLER RAAB WILL SUBSTITUTE FINANCMINISTER AT THIS MEETING. ARRANGEMENTS HAVE BEEN MADE THAT LAW WILL BE DEALT WITH BY PARLIAMENT AT ITS FIRST MEETING ON ABOUT OCTOBER 23. I AM CABLING THE SAME TEXT TO DOUGLAS FONTEIN AND SCHRENK. REGARDS

NR ERNST WAGNER

ORIGINAL

TYPED

GENERAL FILES
CORRESPONDENCE

OCT 1 11 26 AM 1958

TO: DIRECTOR, FBI
 FROM: SAC, NEW YORK
 SUBJECT: [Illegible]

[The following text is extremely faint and largely illegible due to fading and bleed-through. It appears to be a memorandum or report detailing an investigation or administrative matter.]

184

RE: [Illegible]
 BY: [Illegible]
 DATE OF INFO: [Illegible]

SEARCHED	INDEXED
SERIALIZED	FILED
OCT 1 1958	
FBI - NEW YORK	

INCOMING MAIL

OFFICE MEMORANDUM

TO: Files

DATE: September 29, 1958

FROM: M. L. Lejeune

SUBJECT: Austria

Not in files.

After receiving word from Mr. Knapp that he was satisfied for us to invite Austrian negotiations (see his cable to Mr. Sommers from Rome, dated September 27), I got in touch with Mr. Schiff of Kuhn Loeb and asked him if the bankers were prepared to go ahead with the Austrian issue on schedule or whether they would rather we hold up negotiations. Mr. Schiff said he would look into this and call me back tomorrow, September 30. Later, Mr. Arthur Oppenheimer of Kuhn Loeb rang me to say that Mr. Schiff had mentioned my inquiry to him. Mr. Oppenheimer wanted to know whether the Bank was still thinking in terms of inviting negotiations to open on October 20. I said yes. I told him we would not wish to invite these negotiations at this time if there were any indication from the bankers that they could not put out the issue on schedule. Mr. Oppenheimer said that he thought everything was going to be all right and according to schedule, but he did not wish to give me a firm answer until he had discussed it with some of the Kuhn Loeb partners. Either he or Mr. Schiff would call me about it tomorrow.

[Handwritten signature]

cc: Mr. Collier
Mr. Sommers
Mr. Foulain

MLLejeune:amg



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date September 26, 1958	Document Type Letter			
Correspondents / Participants To: Dr. Ernst Wagner From: Douglas J. Fontein				
Subject / Title Staff Loan Committee meeting				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

CARL W. PAINTER
LEONARD D. ADKINS
MAURICE T. MOORE
DONALD C. SWATLAND
BRUCE BROMLEY
ROSWELL MAGILL
A. I. HENDERSON
CARLYLE E. MAW
EDWARD S. PINNEY
ROSWELL L. GILPATRICK
THOMAS A. HALLERAN
ALBERT R. CONNELLY
L. R. BRESLIN, JR.
BENJAMIN R. SHUTE
GEORGE B. TURNER
FRANK H. DETWEILER
GEORGE G. TYLER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
FREDERICK S. BEEBE
CHARLES R. LINTON
WILLIAM B. MARSHALL
RALPH L. MCAFEE
ROYALL VICTOR, JR.
JOHN N. CALDERWOOD
ALLEN H. MERRILL
HENRY W. DE KOSMIAN
JOHN D. CALHOUN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
EDWARD N. BENJAMIN

CRAVATH, SWAINE & MOORE

15 BROAD STREET

NEW YORK 5, N.Y.

HOYT A. MOORE
COUNSEL

HANOVER 2-3000

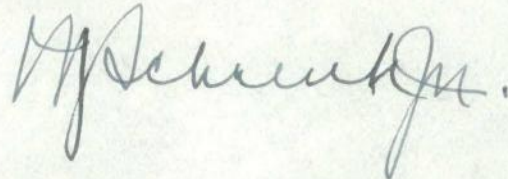
CABLE ADDRESS: CRAVATH, N.Y.

September 26, 1958

Dear Hugh:

There is enclosed herewith a copy of the first proof of the prospectus for the proposed Austrian public financing. I am also sending a copy to Douglas Fontein at his home.

Yours sincerely,



J. H. Collier, Esq.,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Encls.

18

*Austria -
Joint*

OUTGOING WIRE

CLASS OF SERVICE: NLT

DATE: SEPTEMBER 26, 1958

TO: KNAPP
HASSLER HOTEL
ROMA

MRT

COUNTRY (ITALY)

HOLD FOR ARRIVAL

TEXT:

Cable No.

TWO RE AUSTRIA SLC APPROVED ONE PROPOSAL BANK LOAN FOR ASCHACH PROJECT OF UP TO TWENTY FIVE MILLION DOLLARS BUT AMOUNT POSSIBLY SUBJECT FURTHER REVIEW SHOULD WE BE ASKED FOR LARGE STANDBY ON MARKET ISSUE STOP PRESENT PLAN IS VG OBTAINS HALF PROCEEDS MARKET ISSUE BUT NO INDICATION YET OF SIZE OF ISSUE STOP TWO BANK SHOULD OBTAIN RATE COVENANT BINDING ON GOVERNMENT THAT VG EARNINGS WILL COVER OPERATING COSTS COMMA DEPRECIATION COMMA INTEREST AND A REASONABLE RETURN ON EQUITY STOP SUBJECT YOUR AGREEMENT AND PROVIDED UNDERWRITERS ALSO AGREE THIS TIMING PROPOSE INVITE NEGOTIATORS AND SUGGEST THEY ARRIVE OCTOBER TWENTY AS PROVISIONALLY AGREED IN TIMETABLE FOR JOINT OPERATION STOP PROPOSE MENTION RATE COVENANT REQUIREMENT IN INVITATION BUT NOT AMOUNT OF LOAN STOP

HOLD FOR ARRIVAL

SOMMERS

*Replied Sept. 27/58 "Proposal in fr 2 entirely acceptable".
filed in "13th Annual Meeting"*

AUTHORIZED BY:

NAME: M. L. Lejeune *ML*
DEPT: of Operations, EAA

SIGNATURE: _____
(Signature of individual authorized to approve cable).

JHCollier:fgs

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

For Use by Archives Division
Checked for Dispatch

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

* Peru	Guatemala	Cuba	Botivia
* Syria	Honduras	Dominican Republic	Brazil
Uruguay	Jordan	Ecuador	Burma
Venezuela	* Lebanon	El Salvador	Chile
Yugoslavia	Nicaragua	* Ethiopia	* China
	Pakistan	France	Colombia
	Panama	Greece	Costa Rica

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

4. Signature Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc. Use common abbreviations whenever possible, i.e., *reoulet*, *reurtive*, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g., *Airmail*, *New York*, *enduse*.

5. Authorization Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

DISPATCHED
GENERAL FILES
CORRESPONDENCE
SEP 26 5 45 PM 1958

OFFICE MEMORANDUM

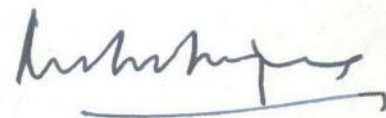
TO: Mr. S. R. Cope (New Delhi)

DATE: September 24, 1958

FROM: M. L. Lejeune

SUBJECT: Austria - Dr. Schmidt of Investitionskredit to visit New Delhi

Hugh Collier tells me that Eduard Schmidt, who is at present on the "Vorstand" of both the Austrian Kontrollbank and the Investitionskredit, will be on hand at New Delhi, in order to take part in discussions on the future of Investitionskredit, including the management question.



DECLASSIFIED

MAY 18 2018

WBG ARCHIVES

STAFF LOAN COMMITTEE

SIC /A/730

FROM: Secretary, Staff Loan Committee

September 24, 1958

NOTICE OF MEETING

A meeting of the Staff Loan Committee will be held on Friday, September 26, 1958 at 11:00 a.m. in Room 1005.

AGENDA

Austria

The Committee will consider the attached Memorandum SIC/0/973, on the Proposed Loan to the Verbundgesellschaft.

DISTRIBUTION

Chairman
Directors of Operational Departments
Director, Legal Department
Director, Economic Staff
Treasurer
Director, Technical Assistance and
Liaison Staff

Copies for information to:

President
Vice Presidents
Secretary
Director, Office of Information
Director, Economic Development Institute
Special Representative in Europe (Agenda only)

Mr. Collier

DECLASSIFIED

MAY 18 2018

WBG ARCHIVES

CONFIDENTIAL

SLC/O/973

September 23, 1958

STAFF LOAN COMMITTEE

Memorandum from Department of Operations
Europe, Africa and Australasia

AUSTRIA - Proposed Loan to the Austrian Verbundgesellschaft for
the Aschach Project to be made in Conjunction with a New York
Bond Issue by the Austrian Government

1. The attached reports cover the proposed loan to Austria for the Aschach project.
2. The Austrian Government is planning to make a public issue in New York towards the end of the year and the Bank has agreed that any loan it might make would be made in the form of a joint operation with the Government issue. The Government intends to re-lend one-half of the proceeds of the issue to the Verbundgesellschaft. There has been some discussion of a standby agreement between the Bank and the underwriters for the bond issue and the Committee discussed the implications of this proposal at its meeting on August 1, 1958. It is not yet clear, however, whether any agreement acceptable to both the Bank and the underwriters will be reached. This question is not, therefore, discussed in any detail in the report.
3. The Committee's attention is drawn to the question of power rates in Austria. This point is brought up in paragraphs 83 and 94a of the Technical Report and is discussed in paragraphs 14-19 in the attached Background Report. The Verbundgesellschaft's financial condition is not unsound. The issue is whether the Government's apparent policy of accepting a relatively low rate of return on the investment in the State-owned electricity concern is unacceptable to the Bank. An important aspect of this question is that the Government would almost certainly find it embarrassing -- perhaps impossible -- to attempt to raise rates rapidly. I believe the whole question should be discussed with the Austrians early in the negotiations before deciding whether the Bank needs to seek a departure from the Government's present policy.

Recommendations

4. It is recommended:
 - (a) that the Bank be prepared to enter negotiations for a loan of \$25 million for the Aschach project along the following lines:
 - (i) the loan to be made simultaneously with a market issue by the Austrian Government;

- (ii) the loan to be made jointly to the Verbundgesellschaft and the Oesterreichische Donaukraftwerke;
 - (iii) as in the case of previous loans to Austria the proceeds of the loan to be used to meet local expenditure as well as imports; assuming that adequate competitive bidding arrangements are provided for;
 - (iv) since there are no outstanding mortgages on the properties of the Donaukraftwerke, there be no positive security.
- (b) that the Bank take up the question of the principles governing the determination of power rates in Austria with the proper authorities and, if appropriate, endeavor to obtain a satisfactory statement concerning future policy;
 - (c) that the Bank should hold further discussions with the underwriters on the question of a standby agreement;
 - (d) that the Verbundgesellschaft, the Donaukraftwerke and the Austrian Government should be informed of the Bank's decision and invited to enter negotiations in Washington.

Michael L. Lejeune
Assistant Director

Attachments

BACKGROUND REPORT

1. In April of this year, the Austrian Government requested the Bank to send a mission to Austria to examine the investment requirements of the Austrian economy with particular reference to the electric power sector. At the same time, the Austrian Government and the Oesterreichische Elektrizitätswirtschafts - A.G. (Verbundgesellschaft) began discussions with investment houses in New York concerning the possibility of a bond issue. These discussions, which, at least in their initial stages, were carried on separately by the Verbundgesellschaft and the Government, eventually led to an arrangement between the Austrian parties and Messrs. Kuhn, Loeb and Co. and Ladenburg, Thalmann and Co., by which the two investment houses agreed to undertake an Austrian bond issue in New York. The Government wished to obtain some \$15 million to meet its own requirements for investment in the improvement of the railway, road and telephone systems. The Bank indicated that it would be prepared to consider a joint operation with the underwriters by making its own loan to the Verbundgesellschaft simultaneously with an Austrian bond issue in New York.

2. On August 18, a Bank mission consisting of Messrs. J. H. Collier, C. Finne, J. Filippi and D. J. Fontein arrived in Vienna and representatives of the underwriters arrived at the same time. The Bank mission studied the investment program of the Verbundgesellschaft and, in particular, the Aschach project, which appeared suitable for Bank financing. At the same time discussions took place between the Government, the Verbundgesellschaft and the underwriters concerning the New York issue. It was necessary, first, to agree upon who should be the borrower for the issue. The Verbundgesellschaft was anxious to establish a credit standing of its own and hence wished to make an issue in its own name. The Austrian Government first proposed a "joint issue" in which the Government and the Verbundgesellschaft would be co-borrowers. After various possibilities had been discussed, it was agreed that, in view of the desirability of avoiding all unnecessary complications, there should be one issue by the Government of which half the proceeds would be re-lent by the Government to the Verbundgesellschaft. The underwriters also suggested that a long term bond issue might, if necessary, be supplemented by an issue of 3, 4 and 5 year notes in order to increase the total proceeds. The arrangement for splitting the proceeds 50/50 between the Government and the Verbundgesellschaft is so far merely a gentlemen's agreement and it has been entered into without any exact knowledge of how large the issue will be. In the light of the conditions in the New York bond market at the time, the underwriters were not prepared to suggest any figure. But the Austrians were originally hoping for an issue of around \$30 million and if it eventually turns out to be more in the neighborhood of \$15 to \$20 million, the Government may be reluctant to provide as much as half to the Verbundgesellschaft.

Construction Plans of the Verbundgesellschaft

3. The present construction program of the Verbundgesellschaft and its associated companies is now nearing completion and the Verbundgesellschaft now wishes to begin work on a new program in order to be able to meet future demand. It has altogether seven new projects and associated transmission lines under consideration, of which four may be regarded as having priority since they are necessary to meet power demand in 1963. The Aschach project, a run-of-the-river plant on the Danube, with a capacity of 264 MW, is the largest of these four. The other three, Schärding, Edling and Losenstein, also run-of-the-river plants, have a combined capacity of 197 MW. The investment requirements of the V.G. combine over the years 1958 to 1963 inclusive are as follows:

	<u>\$ million</u>
Completion of present construction program	108
Aschach project	115
Schärding, Edling and Losenstein projects and transmission lines	<u>74</u>
	\$ 297

To meet these requirements, the following sources of finance will be available:

	<u>\$ million</u>
New share capital (subscribed by Government)	57.5
Re-invested earnings	100.0
New borrowing:	
Domestic bond issues	103
Vienna savings bank	3.9
ERP counterpart funds	46.3
Previous IBRD loans	4.6
Bavarian State Bank (Schärding project)	11.5
Swiss issue, U.S. banks and suppliers credits	<u>13.6</u>
	183.1
Less debt repayment	<u>83.8</u>
	<u>99.3</u>
	<u>\$256.8</u>

A more detailed description of the financial aspects of the program is given in the attached Technical Report.

4. Thus, additional funds amounting to approximately \$40 million will be required to meet the construction program. This figure does not include interim short-term financing which will be required to meet expenditures in the early part of the program. In 1961 short-term borrowing will reach a maximum of about \$22 million. However, it is clear that in practice the financial needs of the Verbundgesellschaft between now and 1963 will exceed the figure given above of \$297 million. Firstly, it will become necessary towards the end of the period to begin work on projects required to meet power demand after 1963. Secondly, the construction of the four priority projects is only just sufficient to meet the estimated demand for power in 1963 and the Verbundgesellschaft desires to build additional projects, if it can obtain the necessary funds, in order to provide a larger reserve of power and additional exports.

5. The sources of funds listed above include the proceeds of a public issue to be made in Switzerland of S.F. 40 million, of which only S.F. 10 million will be new money, the remainder being used to refund existing credits from Swiss banks. The Swiss authorities have informed the Austrian Government that they are prepared to allow this issue to be made only after a settlement has been reached on the debt of the Danube-Save-Adriatic Railway. A conference between the parties concerned with this debt is now in progress in Vienna.

6. Also included is an amount of DM 50 million from the Bavarian State Bank for the Schärding project. This is a border project for which half the construction cost must be provided by Germany and half by Austria. It has been provisionally agreed that the Verbundgesellschaft will obtain most of the financing required for its share of the cost in the form of a loan from the Bavarian State Bank. Repayment will be guaranteed by the Austrian Government. Since this is a joint project, it can only be started when the necessary financial contributions from both partners are assured.

Size of the Loan

7. To meet the difference of \$40 million mentioned above, the Verbundgesellschaft hopes to obtain a loan from the Bank and a half-share of the proceeds of the Government's forthcoming bond issue in New York. Moreover, since the program will not be completed until 1963, there is also the possibility that, in the meantime, the Verbundgesellschaft will be able to obtain further loans, particularly from Germany. The eventual size of the financial gap which has to be filled is therefore uncertain and it is thus not necessary for the Bank to meet the whole of the difference of \$40 million which emerges at the present moment between the financial needs and availabilities of the V.G. combine. While it would not be possible for the Verbundgesellschaft to proceed with the Aschach project without assistance from the Bank, its present financing and construction plans are still subject to some adjustment, particularly since none of the projects have yet been started.

9. In principle, there would be some logic in making the size of the Bank's loan dependent on the amount which the Verbundgesellschaft obtains from the New York issue. But in practice this might create a difficult situation since this amount depends not only on the amount of the issue but also on the division of the proceeds between the Government and the Verbundgesellschaft. The decision to make a Government issue and split the proceeds 50/50 has been reached only after considerable discussion and delicate negotiation between the Government and the Verbundgesellschaft. If the Bank were to say that the amount obtained by the Verbundgesellschaft would be subtracted from what it would otherwise be prepared to lend, it would put the Government in a position where it could obtain great advantage by re-opening the question of the division of the proceeds in the event that the issue is smaller than expected. Since in practice the end result of both approaches would probably not differ very greatly, it would appear preferable in this case to fix the size of the Bank loan independently of the results of the New York issue. It would nevertheless still be possible to consider an increase in the Bank's loan if in the end it turned out that the Verbundgesellschaft appeared likely to obtain only a small amount, or nothing at all, from the bond issue.

Other Financing Possibilities

10. In addition to the sources of funds already mentioned, it is possible that the Verbundgesellschaft may be able to obtain some funds from lenders in Germany, Italy and Holland. The discussions which have taken place so far have, however, all been based on the assumption that any financing would be coupled with an export of power from Austria to the country concerned. To obtain these credits, it would be necessary for the Verbundgesellschaft to expand its construction program in order to be able to export the necessary power. These possibilities cannot therefore be regarded as sources of finance for the present program since this program is only sufficient to meet Austria's own requirements. A proposal by the Berliner Handelsgesellschaft for a loan of up to DM 200 million included a provision for security in the form of a Government guarantee and a pledge of revenues arising from a power export contract to be concluded between the Verbundgesellschaft and a German power company. Since the Bank has loan agreements with the Verbundgesellschaft which contain a negative pledge clause, the conclusion of such an arrangement would have required the Bank's consent. The Bank had indicated that it would not be prepared to waive its rights under the negative pledge clause and the Austrian Government indicated that it would not be prepared to give its guarantee to any loans to the Verbundgesellschaft containing provisions for specific security. However, the Berliner Handelsgesellschaft is still interested in trying to arrange a loan for the Verbundgesellschaft and is endeavoring to find a way to do so without obtaining a pledge of revenues in German marks.

International Aspects of the Aschach Project

11. The Aschach project is located wholly within Austria. However, as explained in the attached Technical Report, the effect of the project on the water level of the Danube extends some 80 km upstream from the site and the

last 300 meters affect German territory at the point where the Danube forms the border. The power station Jochenstein is situated in this area and the effect of the higher water level is to reduce, by a small amount, the power available from this plant. The Jochenstein plant is operated by the Donaukraftwerk Jochenstein, a company owned jointly by Austria and Germany and established by an agreement between Austria, Germany and Bavaria. This company has indicated that it has no objection to the Aschach project, but it will be necessary for an agreement to be worked out between the Verbundgesellschaft and the Donaukraftwerk Jochenstein to compensate the latter for the small reduction in its power output. Steps are now under way to secure all necessary legal consents from the Federal Republic of Germany and the State of Bavaria which are required for the construction of the Aschach project. As in the case of the Ybbs-Persenbeug project, the Bank will obtain a legal opinion that all obligations arising out of international treaties concerning the Danube have been complied with in the plans for the Aschach project. This opinion will cover both the navigation aspects of the project and those concerning its effect on the Bavarian border and the Jochenstein power plant.

Need for Legislation

12. In previous loans to Austria, the Guarantee Agreement has been ratified by the Austrian Parliament after signature. This procedure has been necessary because certain of its provisions involved a change in Austrian law and in accordance with the Austrian constitution had to be approved by the Nationalrat in order to be valid and binding. The provisions in question are the negative pledge clause and the clauses on freedom from taxation and on arbitration. These points (with the exception of the arbitration clause) also have to be covered for the bond issue. A new enabling law is therefore necessary and it was possible to arrange for it to cover the Bank's loan as well as the public issue. A law for this purpose has been drafted and is expected to be approved by the Austrian Parliament during October.

Possible Standby Agreement between the Bank and the Underwriters

13. Some preliminary discussions have been held on the question of a possible standby agreement, which the Bank has offered to the underwriters, by which the Bank would be prepared to take a certain proportion of the issue if it could not be sold to other purchasers. It is not yet possible to say whether an arrangement satisfactory both to the Bank and the underwriters can be found. Should there be a standby agreement, however, it would be possible for the proceeds of any purchases of bonds by the Bank to be used to finance the Aschach project in addition to the amount provided by the Bank under its normal loan, and an agreement would be obtained from the Austrian Government and the Verbundgesellschaft to this effect.

Power Rates

14. In 1956 the Verbundgesellschaft applied for an increase in its rates and the Bank took the position that it could not make a loan before the application had been approved by the Government. The increase was approved in September 1956 and the loan was signed. The new rates provided the V.G. combine with revenue sufficient to cover all expenses and to provide a return on its capital which would reach about 4% by 1961. Had there been no increase, the Verbundgesellschaft would have had to operate at a loss. However, when the new rates came into effect, the provincial power companies which purchase about half the V.G. combine's total production, refused to pay the higher charges unless they themselves were given permission to increase their rates. They therefore also applied for rate increases which were approved last July and the Verbundgesellschaft was at the same time granted an additional increase. The Verbundgesellschaft rates are now 25.5% higher than they were before the last loan was made. They are estimated to provide a rate of return on net investment of about 4.5% during the next six years. This return is low in relation to the normal cost of capital in Austria.

15. However, a comparison of the cost of capital with the return on net investment is not particularly significant as a measure of the Verbundgesellschaft's ability to attract capital. It has no difficulty in disposing of its local bond issues once it has received official permission to make them. Within Austria, its credit standing is probably higher than that of the Government itself. Its retained earnings are expected to provide about one third of the funds required for the four new projects. Its new share capital is subscribed by the Government in the form of regular annual contributions from the budget in accordance with the Electric Power Development Act. Its ability to attract capital is therefore already very strong and would not be significantly improved by an increase in the rate of return.

16. Irrespective of the desirability of obtaining a higher rate of return, the procedure for raising rates in Austria is time consuming and fraught with political difficulty. All power tariffs in Austria are subject to a "Price Control Law" which lays down a procedure for handling applications for price increases and also includes some very general criteria to be followed. The law says that prices must be "economically justifiable" which it defines as prices which correspond as well as possible both to the economic circumstances of the producer and to those of the consumer. Application for price increases have to be examined by a Price Commission under the chairmanship of the Minister of the Interior. This commission has to recommend what it regards as an economically justifiable price.

17. For the last two applications for a rate increase by the Verbundgesellschaft, the final decision has been taken by the Austrian Cabinet, since the Minister of the Interior was unwilling to act without Cabinet approval. This reflects the political importance of price increases in Austria. The People's Party (conservatives) in particular has made economic stability one of its principal political planks and is extremely sensitive about all price increases.

18. This situation means that in practice there can be no assurance that any specific price increase will be approved until it has passed through the legal and administrative process and has finally been acted upon. Any assurances given by the Government could not go beyond the provisions of the existing law. It was for this reason that, in 1956, the Bank insisted on a final decision being reached before making its loan.

19. There are thus two practical obstacles to any attempt to achieve a further increase in rates. Firstly, the last increase was approved less than two months ago. Moreover, next year is likely to be an election year which would mean that the political difficulties would be greater than usual. Secondly, since the method and procedure for determining power rates are laid down by law, the Government cannot give any assurances which would not be in accordance with existing law.

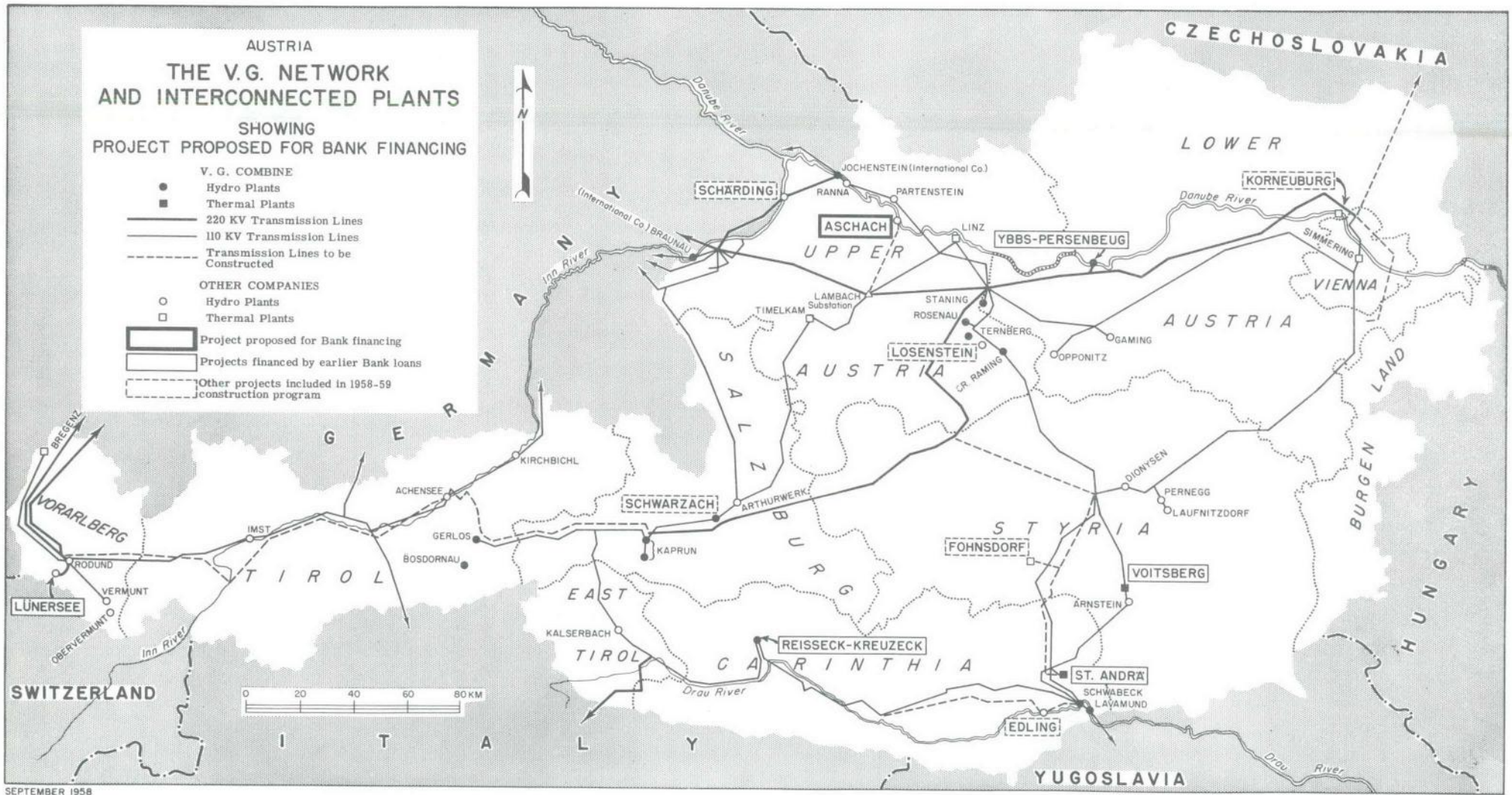
Timing

20. A provisional timetable for the joint operation has been drawn up in cooperation with the underwriters. It provides for approval of the loan by the Executive Directors on Monday, November 17 and signing of the Bank loan documents and the purchase contract between the underwriters and the Government on November 18. These dates are the earliest which appear possible. They are, of course, subject to the completion of negotiations by the Bank, favorable conditions in the market and the passage of the necessary enabling legislation by the Austrian Parliament.

Creditworthiness

21. A report on the Austrian economy (EA-82a) was prepared in April of this year. It described the economic progress which Austria had made since 1954 and concluded that, particularly in view of the low level of her present external debt, Austria was creditworthy for further borrowing. The economic situation during the intervening months has continued to be favorable. Despite some slowing down of exports during the current year, the balance of payments is still expected to show a surplus. An important recent development was the decision by the Soviet Union to reduce the deliveries of oil required by the State Treaty from 1 million tons to half a million tons. There is no doubt that Austria is still creditworthy for further borrowing of the amount contemplated both from the Bank and the New York market.

September 23, 1958



September 18, 1958

Dr. Ernst Wagner
Kärntnerring 10
Vienna I, Austria

Dear Ernst:

I arrived Sunday after an uneventful but sleepless trip. Hazel and the children are in fine shape and wish to be remembered to you and Greta.

I shall be leaving for New Delhi on Saturday, September 27 and will be in New Delhi from Tuesday, September 30 to Saturday, October 11. I can be reached there by mail in care of FUND-BANK MEETINGS 1958, Bigyan Bhavan, Post Bag No. 600, New Delhi, India. Cables should be addressed to me in care of FUNDBANK, New Delhi.

1. Fee

Your bills have been approved and have been forwarded for payment and you should receive advice of payment shortly.

✓ 2. Joint Operation

(a) There is an error in my memorandum dated September 12 concerning the various documents required for the signing and effectiveness of the proposed loan and guarantee agreements. On page 11, item 7, first sentence, the words "declaration of negative pledge" should be "declaration concerning freedom from taxes".

(b) I appear to have lost my copy of the Jochenstein Agreement. Would you please be good enough to make another copy available to me, together with copies of the First and Second Nationalization Laws?

(c) Proposed Negative Pledge Clause in Guarantee Agreement. You can inform the Nationalbank that we are prepared to amend the negative pledge clause in the proposed guarantee agreement in accordance with our

Not sent to file

Copy in Austria - International
borrowing -

discussions, that is to say, by inserting in paragraph 1 of Section 3.01, after the words "assets of the Guarantor" the words "of any agency of the Guarantor or of the Oesterreichische Nationalbank". The present second paragraph of Section 3.01 would then be deleted.

I have also discussed with Mr. Broches the problem arising out of the words "ipso facto" in the negative pledge clause and we are considering omitting those words from the clause.

(d) Proposed Legislation. We are anxious to know whether the draft legislation was approved by the Cabinet on Tuesday, September 16, and what changes, if any, were in the agreed draft.

If possible, I would also like to have a copy of the final version of the Ministerratsvortrag and the erläuternde Bemerkungen.

(f) Verbundgesellschaft Borrowings in Germany. During my last meeting with Dr. Stahl on Friday, September 12, it was agreed that Dr. Stahl would let us know as soon as his discussions with the Berliner Handelsgesellschaft had resulted in firm proposals, especially with respect to any security to be given for the proposed borrowing. You might ask him how things stand.

I would appreciate it if you would keep me informed of developments on the joint operation. You might write a letter to me in New Delhi with a copy to Hugh Collier in Washington. If you feel that it would be desirable for me to return to Vienna for a few days after the annual meeting, do not hesitate to let me know.

I want to thank you and Greta again for all your hospitality during our stay in Vienna and I hope that next time I won't be in such a fearful rush.

With kindest regards.

As ever,

Yours

Douglas J. Fontein

DJFontein:ea



Mr. J. Burke Knapp

September 4, 1958

S. R. Cope

AUSTRIA - Aschach Power Project

1. The Bank mission in Austria is studying a run-of-the-river hydroelectric project at Aschach on the Danube, about 50 kilometers from the German border.
2. Operational Memorandum No. 8 forbids the investigation or processing of projects involving international waterways without prior approval by the management. It requires that the management be promptly informed of any such project and that the Working Party propose and obtain management approval of a procedure for dealing with the international aspects of the project.
3. A similar problem arose in Austria when the Bank financed the Ybbs-Persenbeug project on the Danube, also a run-of-the-river plant. At that time, the Bank accepted a statement from the Austrian Government confirming that all stipulations of the treaties governing the use of the Danube had been complied with. In all probability, the present situation is comparable, but this we will have to look into.
4. I have asked Mr. Collier, who is now in Austria, to find out whether the treaties governing the Danu have been complied with in respect of the proposed Aschach project and will let you know the result.



SRCope:mmr

cc: Mr. D. Sommers
Mr. A. Broches
Mr. W. Diamond


~~1 Mr. [unclear]~~
~~2 Mr. [unclear]~~
Austria-Invest 8/09

INCOMING WIRE

DATE OF WIRE: SEPTEMBER 1, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM:
WIEN

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

TEXT:

TEN INTERNATIONAL ASPECTS ASCHACH WHICH ARE BASICALLY SIMILAR TO THOSE
OF YBBS PERSENBEUG BEING FULLY INVESTIGATED AND NO DIFFICULTIES
EXPECTED

COLLIER

CONFIDENTIAL

SEP 5 9 30 AM '58

ORIGINAL

TYPED
GENERAL FILES

SEP 2 9 33 AM 1958

CORRESPONDENCE

COPY

RECORDED

OF THE BUREAU OF MINE INVESTIGATION AND SAFETY
FOR INFORMATION PURPOSES WHICH THE BUREAU HAS RECEIVED TO DATE

FILE

FILE

FILE

AND TRANSMITTED
INFORMATION FROM THE BUREAU OF MINE INVESTIGATION

OVER OF RINEI 221111 11 1958

SEARCHED BY
INDEXED BY
FILED BY
DATE

INGOMINO MINE

7-15-58

August 31, 1958

Memorandum of things to be done in connection with proposed loan to Donaukraftwerke ^{and} ~~and~~ Verbundgesellschaft ~~and~~ for Aschach Project and possible standby for public issue by the Austrian Government.

I. Documents required for S.L.C. Meeting to be held on or about September 30.

1. Mission report (T.O.D. report and covering memo by Area Department) - Report to be submitted to S.L.C. four days in advance of meeting - Draft of T.O.D. report in preparation.

II. Documents required before start of negotiations on or about October 20.

1. Draft Loan Agreement - Preliminary draft to be prepared by Friday, September 5.
2. Draft Guarantee Agreement - Preliminary draft to be prepared by Friday, September 5.
3. Draft external debt letter - Required external debt information to be discussed with Finance Ministry before departure of mission from Vienna - Draft letter to be prepared by October 17.
4. Draft letter re negative pledge clause - contents to be discussed with Finance Ministry before departure of mission from Vienna - Draft letter to be prepared by October 17.

5. Draft standby agreement, if any, with underwriters - to be prepared.
6. Draft agreement, if any, with Government re standby - to be prepared.
7. Draft letter on disbursement of loan - to be prepared.

III. Documents required for meeting of Executive Directors on or about October 29.

1. Memorandum from Area Department concerning proposed translation and requesting approval in principle of the proposed loan and of possible standby arrangements - to be circulated to Executive Directors seven days in advance of meeting.

IV. Documents required for S.L.C. meeting to be held on or about November 10.

1. Draft of President's report and recommendations, including report on recent economic developments.
2. T.O.D. report.
3. Proposed Loan Agreement as agreed to in negotiations.
4. Proposed Guarantee Agreement as agreed to in negotiations.
5. Proposed Standby Agreement, if any, with underwriters as agreed to in negotiations.

6. Proposed Agreement, if any, with Government re standby as agreed in negotiations.
7. Proposed letter on negative pledge clause.
8. Draft of other side letters (other than external debt letter), if any.
9. Area Department memorandum covering all of the foregoing.

All the foregoing documents to be circulated to S.L.C. not later than four days in advance of meeting.

IV. Documents required for meeting of Executive Directors on or about November 17.

1. President's report and recommendations, including report on recent economic developments.
2. Statutory loan committee report.
3. Draft resolution.
4. Proposed Loan Agreement.
5. Proposed Guarantee Agreement.
6. Proposed Standby Agreement, if any, with underwriters.
7. Proposed Agreement, if any, with Government re standby.
8. T.O.D. report.
9. Side letters, if any.

All of the foregoing documents to be circulated to Executive Directors seven days in advance of meeting.

V. Documents required for signing on or about November 18.

1. Full power authorizing Ambassador to sign on behalf of Government the Guarantee Agreement, Agreement, if any, with Government re standby, external debt letter, letter on negative pledge clause and any other side letters.

This full power should be delivered to the Bank not later than the day before signing.

2. Powers of attorney authorizing Ambassador to sign on behalf of Verbundgesellschaft and Donaukraftwerke the Loan Agreement and any side letters.

These powers should be delivered to the Bank not later than the day before signing.

3. Loan Agreement.
4. Guarantee Agreement.
5. Standby Agreement, if any, with the underwriters.
6. Agreement, if any, with Government re standby.
7. External debt letter.
8. Letter on negative pledge clause.

9. Other side letters, if any.
10. Certified copies of resolution of Executive Directors approving Loan and Standby Agreements, if any, and of Loan Regulations No. 4.
11. Press release - to be cleared with underwriters several days in advance of signing.

The Bank will deliver to the Verbundgesellschaft and Donaukraftwerke two signed copies of the Loan Agreement, one signed copy of the Guarantee Agreement, two signed copies of any side letters confirmed by the Bank to which Verbundgesellschaft and Donaukraftwerke are party, two certified copies of the resolution of the Executive Directors and of the Loan Regulations and one signed copy of the Agreement, if any, with the Government concerning the standby.

The Bank will deliver to the Guarantor one signed copy of the Loan Agreement, two signed copies of the Guarantee Agreement, two signed copies of any letters confirmed by the Bank to which the Government is a party, two certified copies of the resolution of the Executive Directors and of the Loan Regulations, one signed copy of the Standby Agreement, if any, with the underwriters, two signed copies of the Agreement, if any, with the Government concerning the standby.

The Bank will deliver to the underwriters one or more signed copies of the Loan Agreement, the Guarantee Agreement, the Standby Agreement, if any, with the underwriters, the Agreement, if any, with the Govern-

ment concerning the standby, and one or more certified copies of the resolution of the Executive Directors and of the Loan Regulations.

VI. Documents required for the closing on or about November 25.

1. Foreign exchange license by Austrian National Bank.
 2. Approval of the loan and bonds to be issued thereunder by the Finance Ministry.
 3. Approval of the project by Ministry of Transportation and Electricity matters.
 4. Approval of Bank loan by Kreditlenkungs-kommission.
 5. Copy of law as published in the Gazette.
 6. Legal opinion concerning Loan Agreement.
 7. Legal opinion concerning Guarantee Agreement.
 8. Legal opinion concerning Agreement, if any, with Government concerning standby.
- All of the foregoing will be delivered to Dr. Wagner who will cable Bank not later than day before closing.
9. Evidence of payment for, and delivery of, the bonds of the public issue.
 10. Effective date cables to Government and Verbundgesellschaft and Donaukraftwerke.

Mr. S. R. Cope

August 29, 1958

W. Diamond *WD*

New Austrian Power Project

The Bank mission in Austria is studying a run-of-the-river hydroelectric project on the Danube, about 50 kilometers from the German border.

Operational Memorandum No. 8 forbids the investigation or processing of projects involving international waterways without prior approval by the management. It requires that the management be promptly informed of any such project and that the Working Party propose and obtain management approval of a procedure for dealing with the international aspects of the project.

A similar problem arose in Austria when the Bank financed the Ybbs-Persenbeug project on the Danube, also a run-of-the-river plant. At that time, the Bank accepted a statement from the Austrian Government confirming that all stipulations of the treaties governing the use of the Danube had been complied with. In all probability, the present situation is comparable and we will deal with it in the same way.

You will, no doubt, wish to inform the management of the foregoing. *As* a course of action, legal counsel, T.O.D. and I feel we should await further word from the mission. We have today written to Collier as follows:

"The Aschach project, which you are investigating, is on the Danube. You will recall Operational Memorandum No. 8, which forbids the staff to "investigate" or to "process" any project involving an international waterway without prior approval from the management. We will deal with the management here, but I assume that you have taken up the international aspects of the project with the Austrians, who probably have the matter in hand. In the case of the Ybbs-Persenbeug project, the Bank received a statement from the Austrian Government confirming that all stipulations of the treaties governing the use of the Danube had been complied with. Please let us know the situation with respect to Aschach as soon as possible, so that we can clear the matter on this side."

cc: Mr. M. M. Lejeune
Mr. L. Cancio
Mr. A. D. Spottswood
Mr. W. C. P. Rutland

Austria - 2137



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

TELEPHONE BABYLONE 17-10

CABLE ADDRESS: INTBAFRAD PARIS

PLEASE REPLY TO
PARIS OFFICE: 67, RUE DE LILLE
PARIS (7^E) - FRANCE

Vienna, August 29, 1958

Letter No. 2

Dear Bill,

Our work so far has gone well on both of the main tasks we have here; the legal problem of ensuring that the loan and the bond issue can be made simultaneously as a joint operation and on the appraisal of the Aschach project and the V.G.'s financial position. Finne and Filippi believe they will have everything they want by next Tuesday and then they propose to visit the Aschach site and depart. Filippi could be back in Washington by September 5 and Finne by the 8th or 10th unless Denmark claims them. Doug Fontein may not return to Washington but go straight to India, in which case he could remain here until the Cabinet approves the new law either on the 9th or the 16th. I plan to leave on the 6th, to be back also around the 8th or the 10th.

Bank Loan to V.G.

We are fortunate that we can concentrate on one project only. Aschach is very similar to Ybbs-Persenbeug, but produces cheaper power. It will cost around \$115 million. Mike asked me whether any German money was necessary to complete it and I said it was not. This is perfectly true, but it has to be remembered that to present a rational picture of the V.G.'s position one cannot present one project in isolation. It is necessary to take account of the other projects in order to present a cash-flow table and to estimate earnings and debt-coverage. This is why we have worked out what we call "Program A", which is a sort of compromise between what is already firmly financed and what is necessary to meet power demand. Program A, consisting of Edling, Losenstein, Aschach and Scharding, costs about \$160 million over four years, but at the moment there is a shortfall of around \$10 to \$25 million. This ~~concerns~~ ^{assumes} no German money* at all, but \$30 from the Bank or from the Bank and New York market combined. It does not seem unreasonable to assume that Stahl can find \$10 to \$25 million from Germany or elsewhere over the next four years. He, of course, hopes to find

* Except for Scharding. This money will come from the Bavarian Statebank. The project cannot start until it is arranged.

much more than this because he hopes to complete not only Program A but some of the other projects which have for the present been put into cold storage under the heading "Program B", since financing for them still has to be obtained. Stahl, ~~of course~~, desires to construct at least something from Program B in order to provide larger reserves of power and additional exports.

Legislation

I enclose a copy of a law we have drafted for submission to the Austrian Cabinet and a note from Doug Fontein to Ronnie Broches explaining its implications.

Timetable

I also enclose a timetable worked out in cooperation with the lawyer for the underwriters. It assumes that the new law will travel smoothly through the legislature. If it did not, delay would affect both the Bank loan and the issue, since the law is necessary for both.

Standby

I have discussed the standby question with Teufenstein and Kölliker. There are various angles to it:

1) If we assume that there will be a Government issue, no part of which is ear-marked for the V.G., then the only way the proceeds of our standby could go to the V.G. would be to say that our money would be used by the Government to make its statutory contributions to the V.G. under the "Electric Power Encouragement Law". These contributions take the form of additions to share capital and are made in any event so that by using the standby to "enable the Government to make them", we thus could ear-mark our standby for the V.G. without, in reality, depriving the Government of the benefit of the whole bond issue. The contributions for this year have already been paid. Unless, therefore, we say we are re-imbursing the Government for them, which I think might be straining rather far, we shall have to say that we are enabling the Government to make next year's contribution.

Next year's contribution will probably amount to Sch. 250 million, of which the V.G. has allotted Sch. 100 million to the Donaukraftwerke. This company has only two projects, Ybbs-Persenbeug and Aschach, both of which will be Bank projects. Thus we could say that about \$4 million of any standby would be for Bank projects. I shall

ask Kölliker whether perhaps even more could be allocated to Donaukraftwerke - say Sch. 130 million - so that we could then make it \$5 million. In this event we could then have an agreement with the Austrian Government that said, in effect, that "the Government would use the proceeds of the bonds bought by the Bank to make funds available to the V.G. in order to increase the capital of the Donaukraftwerke".

If the Bank wished to make a larger standby than \$4 or \$5 million, it would then be necessary to include contributions to the share capital of other companies, including a) the V.G. itself, b) Draukraftwerke and may be, c) Tauernkraftwerke. These latter two companies are constructing some projects which we have not checked. In that event we would have to be content to take the line that we are generally familiar with the V.G. and know that it will spend the money efficiently, etc., etc. We could, if we wish, get an agreement with the V.G. giving us inspection and information rights for the other companies. But the advantage of restricting the standby to the Donaukraftwerke would be that we already have these rights in our Loan Agreement 149 (and in the proposed loan for Aschach).

2) If there is a Government issue, some part of which is to be re-lent to the V.G., as is now proposed, then new questions arise. There will then have to be a re-lending agreement between the Government and the V.G. and another one between the V.G. and the special companies who would use the money. It would take time to arrange these agreements, which could hardly be done before the bond issue. This raises a question concerning the mechanism of the standby. Would the Bank purchase the bonds and disburse immediately or would it wish to "disburse" only as and when the V.G. used the money under the re-lending agreements? If the Bank were to purchase the bonds and pay out the whole sum on the closing date, it would then be necessary for the Government and the V.G. re-lending agreements to be finalised later. If, on the other hand, the Bank wanted to approve the re-lending agreements and disburse in proportion to expenditure on the projects, then it seems to me that the standby would become subject to subsequent conditions being met by the Government and the V.G. In addition, the Bank would presumably wish the standby proceeds to go into Aschach. However, in view of the size of the cost of Aschach (\$115 million) in relation to the standby, this should not be an obstacle.

I feel that it might well be preferable for the standby to operate through the Electricity Encouragement Law, in any event. The advantage of this method is that it provides an already existing legal channel through which the funds can flow from the Government to the V.G. and from the V.G. to the Donaukraftwerke.

Even if we do decide to use the Encouragement Law there is still a disbursement question to settle. We could either purchase the bonds outright and pay the money over with an agreement with the Government that an equivalent amount would go to the V.G. for the Donaukraftwerke in 1959 or try to find a way of fulfilling the standby commitment with the underwriters while disbursing only when the 1959 funds are in fact paid over to the Donaukraftwerke. This would involve the Government in some short term financing to carry it over until the time of disbursement, but Teufenstein said he thought that would not be difficult.

V.G. Borrowing in Germany

This situation seems to change from day to day, but at the present moment Stahl is involved with both Darmstadt and Berlin. He says he would like to drop Darmstadt but feels he cannot do so until he has a firm agreement with Berlin. Samuels and the Credit-Anstalt have urged him to go to the Deutsche Bank and he has made some enquiries which, so he says, met with a favourable response. He has asked Samuels to talk to Abs and to try to help start the V.G. off on the right foot with the Deutsche Bank. Samuels also wants to find out whether Abs would be interested in the New York issue. Stahl is still very hopeful that some money will be obtainable from Berlin, despite the negative pledge, and he has arranged for Rosenstein and von Plodnitz to come to Vienna on Friday, September 5, to talk with us. I do not know (and Stahl claimed he did not know either) exactly what they want to talk about, but it may be they want to ask whether the Bank would object to the V.G. arranging a power contract with RWE, for example, as a condition of the loan. In that event we can only say that the ~~Bank's objection is to a pledge and that the Bank would wish to assure it-~~self that there was no pledge and would therefore wish to see all the relevant documents.

Borrower for the Bond Issue

Yesterday there was a meeting in the Finance Ministry where some real progress was made. Teufenstein started by reviewing the whole position, during which he mentioned that the Swiss had lifted the veto on foreign issues but had added that before the V.G. Swiss issue could be made there would have to be a settlement of the Danube-Save-Adriatique debt problem. This is quite complicated, so I doubt whether the Swiss issue can be regarded as imminent.

Teufenstein then presented three possibilities:

- 1) An issue with co-borrowers.
- 2) An issue by the Government with half the proceeds re- lent by the Government to the V.G.
- 3) Two issues, one of long term bonds and one of short term notes. This could take one of two forms:
 - 3a) Long term issue by the Government with an issue of short term notes by V.G.
 - 3b) Long term issue by V.G. and short term issue by Government. Teufenstein said this would only be acceptable to the Government if some of the German money materialised and if part of it could be made available to the Government. (This seemed an extra- ordinary notion to me.)

Samuels then said he would advise against 1), that 2) would be ideal from the underwriters' point of view and 3a) would also probab- ly be possible. It would also be possible for the Government to com- bine a long term bond issue with some short term notes. He said he thought 3b) would be very inadvisable, for obvious reasons.

Finally it was agreed as follows:

- a) There would be a Government long term bond issue, proceeds to be divided 50-50 between the Government and the V.G., but
- b) If it appeared that not enough money could be found this way, the long term issue would be supplemented by some short term notes - Samuels said probably not more than a quarter of the total. The short term notes could be issued either by the Government or the V.G., the decision on this point to be left to the underwriters. In this case also, the total proceeds would be split 50-50, irrespective of whose name was on the short term paper.

The bond issue is therefore now on the right track. There are, however, two points to be noted. The first is that during the dis- cussions the hypothetical example that was used by the Austrians was a \$30 million issue. Samuels did not say anything about amounts. But if the amount turns out to be much smaller than this, the Govern- ment may wish to take more than 50 % of it. Secondly, the question

of who issues the short term notes, if any, may in the end be decided by the difficulty of getting the V.G.'s financial statements into a form acceptable to the S.E.C. Filippi thinks it would take an auditor about three months to produce certified consolidated balance sheets and income statements for the last few years.

On the standby, Samuels said it was a matter that had still to be arranged between the Bank and the underwriters and that the underwriters would have to be sure that the standby would really assist the issue and not hinder it by creating the impression of the Bank bailing out Austria. Stahl asked whether the size of the standby would affect the size of the Bank loan. I said that the size of the standby would not be the deciding factor, but that the amount of the proceeds which the V.G. would receive from the whole bond issue would be relevant for determining the size of the Bank loan.

Yours sincerely,



John H. Collier

Encls.

Mr. William Diamond
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

CORRESPONDENCE

FEB 5 8 21 AM 1928

RECEIVED

RECEIVED

RECEIVED
GENERAL FILES

SEP 2 8 51 AM 1958

CORRESPONDENCE

Washington 25, D.C.
1818 H Street, N.W.
Reconstruction and Development
International Bank for
W. William Diamond

Encs.

John H. Collier



Yours sincerely,

John

your issue would be relevant for determining the size of the Bank
amount of the proceeds which the A.G. would receive from the whole
size of the standard would not be the deciding factor, but that the
standard would affect the size of the Bank loan. I said that the
the Bank putting out assets. I said asked whether the size of the
asset the issue and not under it by creating the impression of
underwriters would have to be sure that the standard would really
to be arranged between the Bank and the underwriters and that the
on the standard, I said it was a matter that had still

balance sheets and income statements for the last ten years.
in support, about three months to produce certified consolidated
into a form acceptable to the S.E.C. I think it would take
ceded by the difficulty of getting the A.G.'s financial statements
of who issues the short term notes, it may, may in the end be de-

Joint

August 29, 1958

LETTER NO. 5

Dear Hugh,

← Aug. 22nd #1.

I am very grateful to you for the first progress report on your mission. It gave us a good picture of the situation as of last week-end.

Mike Lejeune was equally pleased, not only with the letter but also with your telephone conversation, and asked me to let you know.

There is one important point we should like to comment on in connection with your item 2 (b). The problem of legislation arises in part at least because you have assumed that a Bank loan must become effective at the time the public issue is closed and the bonds paid for. That has in the past been the position of the underwriters when loans have been made jointly with market issues; and one result has been the speeding up and complication of time schedules, especially when parliamentary ratifications are required for effectiveness.

In the Bank's opinion, this normal position of the underwriters is based on the fear that a loan signed by the Bank will not in fact become effective and that this risk might negatively influence the market issue. We feel that, based on the Bank's experience, the fear is groundless and we should like to wean the underwriters with whom we collaborate away from their present position and towards a willingness to go ahead with an issue when our loan is signed rather than when it is made effective.

We tried our views on Morgan Stanley and Company this week. As you know, they and we will participate in a joint operation in Italy. Monday we presented our case for the market issue proceeding when we sign a loan agreement without reference to the date it becomes effective. Tuesday afternoon, they agreed, thus taking a lead which we hope will be followed by other underwriters in the future.

We think you ought gently to raise this question with Samuels, present the Bank's views, call his attention to Morgan Stanley's attitude and try to persuade him not to insist on effectiveness. We leave it to you and to your tact to decide how best to put the case for eliminating a needless complication which makes life difficult for underwriter, borrower and Bank.

Mr. Hugh Collier

- 2 -

Another point. The Aschach project, which you are investigating, is on the Danube. You will recall Operational Memorandum No. 8, which forbids the staff to "investigate" or to "process" any project involving an international waterway without prior approval from the management. We will deal with the management here, but I assume that you have taken up the international aspects of the project with the Austrians, who probably have the matter in hand. In the case of the Ybbs-Persenbeug project, the Bank received a statement from the Austrian Government confirming that all stipulations of the treaties governing the use of the Danube had been complied with. Please let us know the situation with respect to Aschach as soon as possible, so that we can clear the matter on this side.

Finally, power rates. TOD is naturally unhappy about Section 5 of your letter. In view of our previous experience with respect to rates in Austria, we will want firm assurances from the Government that action will be taken, so as to avoid problems arising similar to those that arose before. Please pursue this matter further. We will have to go into it in detail when Finne and you return.

There is nothing to add to Raymond's cable about Finne's return, which is being sent today.

Once again, many thanks for your No. 1. We look forward to No. 2.

Sincerely yours,



William Diamond

Mr. J. H. Collier
Imperial Hotel
Vienna
Austria

WDiamond:vmc

cc: Mr. Spottswood
Mr. Cancio
Mr. Rutland

Austria - Final

INCOMING WIRE

DATE OF WIRE: AUGUST 28, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM: WIEN

[Handwritten signature]

TEXT:

EIGHT FOR RIPMAN POLICY STATEMENT MAILED AUGUST 25

ORGANISATION OUTLINE FOLLOWS VERY SHORTLY

COLLIER

ROUTING	
ACTION COPY TO	TECH.OP
INFORMATION COPY TO	
Decoded By	

CONFIDENTIAL

AUG 28 10 25 AM '58

ORIGINAL

TYPED
GENERAL FILES

AUG 29 10 52 AM 1958

CORRESPONDENCE

COPIED

ORGANIZATION COUNTY RECORDS DEPT. BUREAU

RECORDS SECTION BUREAU OF RECORDS DEPT. OF RECORDS

TEXT

TEXT

TEXT

TO

THE DEPARTMENT OF RECORDS
BUREAU OF RECORDS DEPT. OF RECORDS

DIVISION OF RECORDS - BUREAU OF RECORDS

SEARCHED BY
INDEXED BY
FILED BY
DATE

INCOMING MAIL

RECORDS SECTION BUREAU OF RECORDS DEPT. OF RECORDS

RECORDS SECTION BUREAU OF RECORDS DEPT. OF RECORDS

*Austria -
Joint*

INCOMING WIRE

DATE OF WIRE: *AUGUST 28, 1958*

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

TEXT:

SEVEN FOR COPE SAMUELS HAS NO UNDERSTANDING WITH DANES ON
 TIMING THEIR OPERATION BUT SAID ONLY HIS PEOPLE WOULD COORDINATE
 WITH BANKS AND THAT PREPARATION OF LOAN PROCEED WITHOUT DELAY STOP
 HE SUGGESTS BANK OBTAIN VIEWS OF DANES ON URGENCY THEIR ISSUE STOP
 TRUFENSTEIN SAYS COMPLETION AUSTRIAN OPERATION BEFORE DECEMBER 31
 URGENT WHICH MIGHT BE DIFFICULT TO MEET IF TECHNICAL REPORT CANNOT
 BE COMPLETED UNTIL AFTER RETURN DANISH MISSION

COLLIER

DUPLICATE

Original in Dan. Lu. info

DISPATCHED
GENERAL FILES

AUG 28 10 27 AM 1958

CORRESPONDENCE

NOTES

[Faint, illegible text, possibly bleed-through from the reverse side of the page]

TEXT

INFO

IO

DATE OF BIRTH

RECORDED BY
INFORMATION COPY TO
ACTION COPY TO
ROUTING

INCOMING MAIL

INTERNATIONAL FINANCE CORPORATION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Austria - Jomb

OUTGOING WIRE

CLASS OF SERVICE: **FULL RATE**

DATE: **AUGUST 26, 1958**

TO: **COLLIER
HOTEL IMPERIAL
VIENNA**

mar

COUNTRY (**AUSTRIA**)

TEXT:

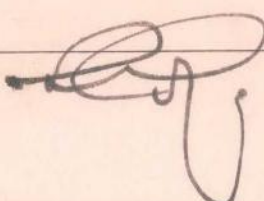
WEDNESDAY

Cable No. **FOUR REUR FIVE WOULD APPRECIATE CABLED REPORT ON STATUS OF YOUR DISCUSSIONS CONCERNING SELECTION OF BORROWER COMMA TIMING OF MARKET ISSUE COMMA CHOICE OF PROJECTS COMMA TECHNICAL APPRAISAL ETC STOP YOUR REPORT ON THESE NECESSARY IN ORDER TO UNDERSTAND WHY FINNE MUST RETURN TO WASHINGTON AND TO KNOW WHETHER HE CAN COMPLETE WORK HERE AND STILL ADHERE TO HIS AND FILIPPI'S DENMARK SCHEDULE**

COPE

AUTHORIZED BY:

NAME: **WDIAMOND**
DEPT: **OPERATIONS - EAA**



SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division

Checked for Dispatch

WDiamond:vmc

cc: Mr. Squire

Cleared with Squire

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

DISPATCHED
GENERAL FILES

AUG 26 4 10 PM 1958

CORRESPONDENCE

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service
Type in class of service desired. Each class is described as follows:
Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.
Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.
IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:
Bolivia
Brazil
Burma
Chile
China
Colombia
Costa Rica
Cuba
Dominican Republic
Ecuador
El Salvador
Ethiopia
France
Greece
Guatemala
Honduras
Jordan
Lebanon
Nicaragua
Pakistan
Panama
Peru
Syria
Uruguay
Venezuela
Yugoslavia
Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).
2. Address
Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBARFAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)
3. Text
Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.
Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and double space between lines. If punctuation is needed, spell out the words "Comma," "Stop," etc.
Use common abbreviations whenever possible, i.e. recount, reunite, airmail, New York, enduse.
4. Signature
Type in last name of sender. Use INTBARFAD as part of the signature only when addressee does not know the address of the sender.
5. Authorization
Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.
Forward messages in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.
ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

INCOMING WIRE

DATE OF WIRE: AUGUST 26, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

TEXT:

SIX FOR COPE RE YOUR LETTER ³ STEVENSON OF SULLIVAN CROMWELL
 NOW IN OSLO PLANS RETURN NEWYORK AROUND END AUGUST AND ARRIVE
 DENMARK SEPTEMBER 8 SAMUELS WISHES TO CONFIRM THESE ARRANGEMENTS
 WITH HIM BUT SUGGESTS YOU CONTACT STEVENSON IN NEWYORK ON FINAL
 PLANS OUR MISSION GOING WELL AND SHOULD BE IN WASHINGTON AROUND
 SEPTEMBER 10 BARRING UNEXPECTED OBSTACLE

COLLIER

CONVERSION UNIT
 WTE 58 11 01 AM 1958
 RECEIVED
 LAMER

TYPED

GENERAL FILES

AUG 26 11 04 AM 1958

CORRESPONDENCE

SECRET

SECRET
REPLY TO BUREAU DIRECTOR GENERAL
REPLY TO MISSION DIRECTOR AND REPLY TO IN WASHINGTON MISSION
WITH NEW AND RECOVERED FOR GENERAL SERVICE IN MISSION OF THE
REPLY TO MISSION DIRECTOR AND REPLY TO MISSION DIRECTOR
HOW TO GO TO THE REPLY TO MISSION DIRECTOR AND REPLY TO MISSION
REPLY TO MISSION DIRECTOR AND REPLY TO MISSION DIRECTOR

SECRET

SECRET

TO: THE DIRECTOR
INTERNATIONAL BUREAU OF INVESTIGATION
DATE OF INFO: AUGUST 26, 1958

Decoded by
DISPATCH TO
ACTION COPY TO
REPLY TO

INCOMING MAIL

INTERNATIONAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535

Austria Int

INCOMING WIRE

DATE OF WIRE: AUGUST 25, 1958

TO: INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	TECH. OP
Decoded By	

TEXT:

FIVE FOR COPE ALDEWERELD IN VIEW NECESSITY COMPLETE TECHNICAL
 REPORT EARLIEST POSSIBLE SO AS NOT TO DELAY MARKET ISSUE BELIEVE
 ESSENTIAL FINNE RETURN WASHINGTON BEFORE PROCEEDING DENMARK
 STOP ASSUME THIS PLAN AGREEABLE TO YOU UNLESS WE HEAR OTHERWISE COLLIER
 FINNE

COMMUNICATIONS SECTION
 AUG 25 11 03 AM '58
 TELETYPE UNIT
 11/11

cc Mr. Lejeune

TYPED

GENERAL FILES

AUG 26 11 05 AM 1958

CORRESPONDENCE

MEMO

TO : DIRECTOR, FBI
FROM : SAC, NEW YORK
SUBJECT: [Illegible]

1958

100-111111

10
100-111111
100-111111

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 26 1958	
FBI - NEW YORK	

INCOMING MAIL



Gen. Files Austria - Joint

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-8360

CABLE ADDRESS-INTBAFRAD

Letter No 1.

Friday, August 22.

Dear Bill, ^{W.D.}

Herewith a first progress report on how things stand:

1. Investitionskredit

Pipeman will be back in Washington probably as soon as this letter so I need only say that things went quite smoothly and nothing difficult came up. There are problems ahead - which we knew already - but there are some grounds for a little cautious optimism in the long run.

2. Joint Operation.

a) Borrower problem.

Touffautien held a grand opening meeting for all interested parties. He began, deliberately, where he had left off when he was last in New York - that is, with a proposal for an issue with the Government and the Verbandsrepublik as co-borrowers. It was soon obvious that this was a proposal to keep Stahl happy. Stahl made it pretty clear that he felt he had been working towards a New York issue for the V.G. for many years and didn't like the Government suddenly stepping in just as soon as it seemed to become possible.

Dannals took the line that the underwriters wished to try and do whatever their clients wished. Naturally, however, he pointed

- ✓ 2nd. lowest reqs.
- ✓ External borrowing by VG.
- ✓ Austria-Power
- ✓ Am Neg.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

out some of the important disadvantages of the co-borrower scheme - e.g. that it would make both parties responsible for the ~~repayment~~^{service} of the whole debt while each would benefit only from his own share of the proceeds. More important, of course, he pointed out that it would probably raise questions ~~about~~ in the minds of buyers as to why the Government went to the market backed up, so to speak, by the V. G. This might not look well for the Government's credit standing.

There was then some discussion of having two simultaneous issues. This ~~is~~ has the disadvantage of presenting buyers with a choice - V. G. or Government bond. It would probably lead to a sort of prestige competition between them. Daniels said he thought most people would prefer a Government bond but Stahl claims many Americans would prefer a V. G. bond if they had permission to purchase a dollar bond (I'm not sure yet whether they would be allowed to or not¹). The idea of two issues seems to have come from Franz Oppenheimer.

Temperini asked Daniels about the amount of the issue and Daniels reserved his position completely, refusing even to name ~~any~~^a figure. He said he doubted whether any issue at all would have been possible as of to-day.

The open meeting ended inconclusively and now the smoke-filled room period has begun during which an attempt will be made to persuade Stahl to agree to a Government only issue without too much loss of face on his part. Humanity is on holiday on the Isle of Elba
¹(later) Yes. Possibly an allotment may be made for sales in Vienna



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

and he will have to make the final decision on his return at the end of the month unless it has been settled ~~already~~ before then. Incidentally, there appears to be no differences between the two underwriters on this whole question. Laskerberg has a man called May here and he goes along with whatever Samuels says.

Insert here

h) Legislative problems

We realized from the start that there would be some legal obstacles to overcome in order to enable our loan to be made effective within a few days after it is signed. Fontein, Sabronk (from Granath's), and Mannheim (Austrian Government's New York lawyer) have been getting together with Dr. Wagner on this problem and it seems fairly certain that new legislation will be necessary to authorize the Government to borrow — and this may well apply not only for us but also for the bond issue. ~~This is necessary~~ because Ocherovic Parliament would have to ratify ~~what~~ the agreement after they had been signed which would take 6 weeks. Our first estimate is that the necessary authorizing legislation would not be completed before November 15 approx. A contingency for accidental delays would push this into December. Doug Fontein ~~will~~ plans to phone Broches about all this, and tell him all about it.

a) Borrower problem (contd). (later) I have just had another bill



4.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N. W.

TELEPHONE EXECUTIVE 3-6360

WASHINGTON 25, D. C.

CABLE ADDRESS-INTBAFRAD

with Samuels who has given me a fill-in on where matters stand between the V.G. and the Government. There are, as you can imagine, a lot of cross-currents at work but it seems that things are moving in the direction of one Government issue. Samuels has suggested, informally, that a Government long term bond issue might be linked to a simultaneous V.G. issue of 3 to 5 year serial bonds. This might satisfy Stahl without reducing the Government's proceeds from the bond issue. Stahl is thinking about this - it will depend on whether he can use more ~~short~~ medium term money at this time.

ii) Borrowing in Germany by V.G.

All this is still in the air. According to Samuels, the BHG offer and the Darmstadt Bank offer are really the same money. Behind both of them is some gentleman called MÜNCHMANN who has been referred to as a "Nachkriegserschleimer" (by Tenfanten). I find it all somewhat mysterious and there seems to be plenty of room for doubt that anything at all will emerge. Anyway Stahl is going to Berlin on Monday and will be back on Wednesday when I hope we shall learn more. Stahl told me that these Germans wanted to get the Bank's agreement to their transaction (I asked "Why?" and he said he didn't know) and asked



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

me whether it would be all right to ask them to come down to Vienna while we were here. Knowing Stahl I wondered what was behind this, but I said that of course he could tell them we were in Vienna and if they wanted to come here we'd be happy to talk to them.

4. ~~St~~) Bank loan.

Stahl's "new program" which he sent us is, as I suspected, a continuation of things he must do and things he would like to do if he could get the money. He wants \$30 million from us. I said I naturally did not know how much the Bank would feel or be to lend when it saw the whole picture but that personally I thought \$30 million was quite a large amount. We are trying to pick out a nice project and the best one at the moment certainly seems to be Aschach. This is a large run-off-the-river plant on the Danube (wholly within Austria) with a total estimated cost of about \$108 million. As a project it seems ~~quite~~ ^{from what we have seen so far,} satisfactory, but what ~~we~~ we have to do is to fit it in to an ~~satisfactory~~ overall V.G. program. We have started by asking for the program we received from Stahl to be split into two parts, one, "Program A", being that part for which finance is firmly available and "Program B", another "Program B".



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

which would consist of additional projects which can be carried out if finance is available. Basically, however, I think a very straightforward "project approach" is the simplest with only as much of the rest of the program ~~part~~ described in the report as is necessary to avoid a misleading impression. (colored ~~by~~ Saturday).

5.2) Power Rates.

Before I left Washington I had a conversation with S. Pottly who said he thought we ought to get some statement from the Government about power rate policy, since the letter we already have from the Verknüpfungsausschuss does not seem to be clear enough. Without necessarily subscribing to this view, I have been thinking about the problem and raised it provisionally with Teufelstein. The obstacle is that the procedure for the determination of power rates is laid down by Austrian law. We have known this all the time, of course, since we discussed it at the time of the first Austrian loan when Teufelstein said that any simple statement by the Government that it would raise power rates would be unconstitutional. This means that the only way of obtaining an undertaking which would be worth something would mean that the whole Cabinet would have to approve a certain policy, satisfactory to the Bank, which would then become an instruction to the Price



**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

1818 H STREET, N. W.

WASHINGTON 25, D. C.

TELEPHONE EXECUTIVE 3-6360

CABLE ADDRESS-INTBAFRAD

Commission. This seems to me to be somewhat of a tall order if we are trying to make a deadline for a joint operation. I hope we shall look into this further — there must presumably exist some criteria which the Price Commission is supposed to follow and it would be interesting to see what they are.

inst. copy!
Constitutional Office (cont.)

Hugh Ripman has written a short report on this which Day (cont.) has read and go along with.

Wagner and Day have prepared a draft a new law which we shall show to the Finance Ministry and the Verfassungsausschuss ("Constitutional Office") on Monday. Kahn, Loeb's lawyer has worked out a tentative line-table for the steps leading to the issue which Day and I will study to-morrow when ~~we~~ ^{we} are going out to spend the day at Wagner's farm in the Veinawoods.

inst. this
If you have this typed perhaps you can re-arrange ^{it} a little some, as you can see, it has been written in installments.

Yours ever,
Hugh.

Austria Joint

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: AUGUST 21, 1958

TO: COLLIER
HOTEL IMPERIAL
VIENNA

RCD

COUNTRY (AUSTRIA)

TEXT:

✓

Cable No. TWO REUR THREE MANAGEMENT FEELS INITIAL ENTRY INTO NEW YORK MARKET WOULD NOT BE HELPED BY COMPLICATION OF COBORROWER STOP IF BANKERS AND BORROWERS NEVERTHELESS FEEL THAT SUCCESS OF ISSUE WOULD NOT BE PREJUDICED BY HAVING TWO BORROWERS WE WOULD BE PREPARED TO GO AHEAD WITH STANDBY ARRANGEMENT

COPE

AUTHORIZED BY:

NAME: S.R. Cope/pnn
DEPT: Operations, E.A.A.

SIGNATURE: _____
(Signature of individual authorized to approve cable).

For Use by Archives Division
Checked for Dispatch

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended by some member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Honduras	*Syria
Brazil	Dominican Republic	Jordan	Uruguay
Burma	Ecuador	*Lebanon	Venezuela
Chile	El Salvador	Nicaragua	Yugoslavia
*China	*France	Pakistan	
Colombia	Greece	Panama	
Costa Rica	Guatemala	*Peru	

*In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New Delhi, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD or CORINTFIN as part of the signature only when addressee does not know the address of sender.

5. Authorization

Type in name of department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

Austria - V-ent

INCOMING WIRE

DATE OF WIRE: AUGUST 20, 1958 2100

TO: COPE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

TEXT:

ROUTING	
ACTION COPY TO	MR. COPE
INFORMATION COPY TO	
Decoded By	

N. Diamond
809

THREE UNDERWRITERS UNDERSTAND THROUGH SWATLAND THAT BANK WOULD TAKE VERY NEGATIVE VIEW OF ISSUE WITH TWO NAMES ON THE PAPER AS CO-BORROWERS. IF SO WOULD APPRECIATE CLARIFICATION OF IMPLICATIONS FOR POSSIBLE STANDBY. DISCUSSIONS ON BORROWER PROBLEM BEGAN TODAY IN WHICH MISSION TOOK NO FORMAL POSITION. UNDERWRITERS SAID ISSUE WITH CO-BORROWERS WOULD BE DIFFICULT. EXPECT POTENTIAL BORROWERS WILL SETTLE QUESTION IN NEXT FEW DAYS BUT IF BANKS ATTITUDE TOWARD STANDBY WOULD BE AFFECTED BY OUT-COME WHIS WOULD BE AN IMPORTANT FACTOR IN FINAL DECISION

COLLIER

ORIGINAL

OFFICE MEMORANDUM

TO: Files

DATE: August 15, 1958

FROM: J. H. Collier 

SUBJECT: Austria - Joint Operation

1. A meeting was held on Tuesday, August 12, 1958 at the offices of Kuhn, Loeb and Co. in New York. Present were Messrs. Samuels, Knowlton and Oppenheim of Kuhn, Loeb, Messrs. Marx, Gruber and Pincus of Ladenburg, Thalmann and Co., Mr. Swatland of Cravath, Swaine and Moore, and Messrs. Sommers and Collier of the Bank.

2. The first question discussed was that of the borrower for the public issue. Mr. Marx said that the Austrian Government had approved a proposal for a public issue of bonds on which both the Government and the Verbundgesellschaft would appear as joint borrowers. This was probably due to pressure by Dr. Stahl. Mr. Marx added, however, that he thought it could be changed if necessary. Nobody appeared to think it was a good idea; it would lead to considerable complications which would not help the issue.

3. There was then a long discussion on the question of a stand-by arrangement by the Bank. It appeared that Mr. Marx had interpreted Mr. Black's remarks to mean that the underwriters could count on the Bank taking half of the public issue in the sense that, if they thought they could sell \$15 million, they could then make an issue of \$30 million and the Bank would take \$15 million of this \$30 million, not by way of stand-by but by firm purchase from the underwriters. Mr. Sommers said he did not think Mr. Black meant this. What the Bank was prepared to do was to stand by for some portion of an issue of an amount which the underwriter thought there was a reasonable chance of selling (Mr. Black later confirmed that this was, in fact, his intention and Mr. Sommers so informed Mr. Samuels). Mr. Sommers said that the Bank would prefer to provide any amount which would certainly be required from the Bank in the form of an ordinary loan. Mr. Samuels said this would not be as advantageous from their point of view as the other idea. What they wanted was the sales feature of the Bank's buying the same paper. It became clear, however, that there would have to be a good deal of difference between the public issue and what the Bank took, e.g. in respect of maturity.

4. Mr. Marx said he saw no chance of selling \$25 to \$30 million but they might be able to manage \$15 million. It would be necessary to have an interest rate of 6 or 6 1/2% if any bonds were to be sold in Germany. Mr. Samuels said that it might not be in the interests of the borrower to sell substantial amounts in Germany. Mr. Marx said he found the Germans very optimistic that interest rates in Germany would fall further but he, himself, was not so sure about this. So far, they had only floated one issue with a coupon as low as 6%.

5. Mr. Sommers asked whether the underwriters would require any specific undertaking by the Bank not to sell any of the bonds which it might take until after a certain period of time. Neither Mr. Samuels nor Mr. Marx seemed very concerned about this. Mr. Marx said that the Bank's holdings would not overhang the market in the sense that the Bank could sell small parcels of bonds continually. Mr. Samuels said that, if the Bank wished to dispose of some of its bonds, it would probably do so through the underwriters anyway. They would expect, however, that the Bank would not attempt to sell any bonds for say 6 to 12 months after the issue.

6. At various points during the meeting Mr. Sommers was asked what projects the Bank would lend for, in various different eventualities. He said that on the basis of what we knew, the Bank would not lend for railways or telephones and, in any case, would not think of doing so without an investigation which would delay the issue. Therefore, if we took up any part of a Government issue, there would have to be an agreement with the Government that the proceeds of the Bank's holdings would either be re-lent to the Verbundgesellschaft or would be used to make equity contributions to it.

JHCollier:fgs

cc: Mr. Sommers
Mr. Knapp
Mr. Cope
Mr. Broches
Mr. Diamond



Record Removal Notice

File Title Electric Power Project - Aschach Power - Austria - Loan 0213 - P037355 - Negotiations - Volume 1		Barcode No. 1516825		
Document Date August 14, 1958	Document Type Letter			
Correspondents / Participants To: Douglas J. Fontein From: A. Broches				
Subject / Title Proposed Austrian operation				
Exception(s) Attorney-Client Privilege				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Vlada Alekankina</td><td>Date November 13, 2018</td></tr></table>	Withdrawn by Vlada Alekankina	Date November 13, 2018
Withdrawn by Vlada Alekankina	Date November 13, 2018			

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Austria -

OFFICE MEMORANDUM

TO: Files

FROM: S. R. Cope

SUBJECT: Austria and Denmark

DATE: August 12, 1958

Mr. Samuels telephoned me today to say he was leaving for Europe and in his absence we could talk to Mr. John Schiff, Mr. Hugh Knowlton, and Mr. Arthur Oppenheimer at Kuhn, Loeb and Co.

In Vienna he would be staying at the Sacher Hotel and in Copenhagen at the d'Angleterre Hotel.



cc: Mr. D. Sommers
Mr. H. Collier
Mr. G. Lefort

SRCope/pnn

DECLASSIFIED

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Archives
CONFIDENTIAL

Austria - Joint

MAY 18 2018
WBG ARCHIVES

STAFF LOAN COMMITTEE

SIC/M/721

August 11, 1958

Minutes of Staff Loan Committee Meeting held on
Friday, August 1, 1958 at 10:30 a.m. in Room 1005

1. Present:

Mr. J. Burke Knapp, Chairman
Mr. S. R. Cope
Mr. O. A. Schmidt
Mr. M. M. Rosen
Mr. S. Aldewereld

Mr. A. Broches
Mr. L. B. Rist
Mr. H. W. Riley
Mr. G. N. Perry *
Mr. H. G. A. Woolley, Secretary

In attendance:

Mr. Davidson Sommers
Mr. M. L. Hoffman
Mr. B. Chadenet
Mr. E. E. Clark
Mr. J. H. Adler
Mr. N. Bass
Mr. L. Cancio

Mr. J. H. Collier
Mr. G. A. Hathaway
Mr. J. M. Jentgen
Mr. H. B. Ripman
Mr. P. J. Squire
Mr. E. Symonds

* Part only.

✓ 2. Austria - Lending Problems

The Committee considered the Bank's lending problems in Austria,
and

AGREED that

- (a) the standby arrangement to be given by the Bank in connection with the proposed Austrian Government issue of \$15 million on the New York market would involve the Bank's being obligated to buy the unsold bonds, in a limited amount, the Government for its part being obligated to provide the Verbundgesellschaft with an equivalent amount;
- (b) the general question of principle involved in the Bank entering into standby agreements should be discussed at a future meeting.

3. Austria - Investitionskredit

The Committee also considered Memorandum SLC/0/962, "Austria - Request for Second Loan of Oesterreichische Investitionskredit A.G." and

AGREED that

- (a) the Bank's requirements for the use of the 80 million schilling counterpart loan should include:

- (i) an improvement in the management and staff of Investitionskredit;
- (ii) a statement of the lending policies to be followed;
- (b) the forthcoming mission to Austria should discuss with Investitionskredit the procedures to be followed and Mr. Ripman should accompany the mission for this purpose;
- (c) if satisfactory progress were made by Investitionskredit, the Bank should be prepared to start negotiations for a second loan of approximately \$7.7 million in early 1959;
- (d) the Bank would expect Investitionskredit to take the initiative in preparing and working up projects to be financed from this loan and to have a number ready for review by the Bank at the time the loan was made.

4. European Investment Bank

The Committee considered the Bank's relations with the European Investment Bank, and

AGREED

- (a) that the Bank's general attitude should be to favor the European Investment Bank's participation in Bank projects in Europe;
 - (b) but that, since the Italian Government did not appear to be receptive to the EIB's participation in the proposed Italian atomic power project, and had already been told of the Bank's intention to handle this project without mention of other participants, the Bank should not press the Italian Government to accept EIB's participation in this particular case but should leave the issue to be decided by the parties concerned.
5. The meeting adjourned at 12:00 noon.

FILES.
(New Oppenheimer - Austria)
CABLE ADDRESS: OPPIE
Austria -

LAW OFFICE
FRANZ M. OPPENHEIMER
1828 JEFFERSON PLACE, N. W.
WASHINGTON 6, D. C.

August 7, 1958

Mr. John H. Collier
International Bank for
Reconstruction and Development
1818 - H Street, N. W.
Washington, D. C.

Dear Hugh:

Following our telephone conversation of last Friday I have talked with both Dr. Plan and Mr. Gruber of Ladenburg Thalmann on the telephone. None of their information coincides with that which Mr. Samuels has apparently given you. Dr. Plan's latest information is still the one which he received through official foreign office channels to the effect that there will be a joint issue of two issuers, the Verbund and the Government; Mr. Gruber said that, as far as they knew, the matter would be one of the first to be discussed at the forthcoming meeting in Vienna. In addition, Mr. Gruber said again that Dr. Stahl had told him repeatedly, when he last saw him, that the Verbund had to be an issuer. By the time you receive this I shall also have telephoned Don Swatland of Cravath in order to have touched base with him about some of the problems.

Mr. Gruber also said that he did not think the first meeting of the bankers in Vienna would be before August 25th, but he will let me know tomorrow whether it is definite. I plan to be present at that meeting, so I hope that we shall meet in Vienna. Meanwhile, I am knee deep in preparatory SEC work up here.

All the best.

Yours as ever,

Franz M. Oppenheimer
mu

• Franz M. Oppenheimer

Mr. Broches

August 6, 1958

D. Sommers

Austrian Stand-by

I suggest that you try your hand at preparing a draft of the agreement between us and the Austrian Government (which could either be incorporated in the Guarantee Agreement or be a separate document).

Presumably the agreement should consist of the following:

- (1) Recital of our loan and of bond issue
- (2) Agreement that if underwriters are unable to sell up to \$ _____, we will buy from the Austrian Government at a specified price
- (3) Covenant by the government to use the proceeds for equity investment in Verbundgesellschaft.

I doubt that we want to make any of the other details of our Guarantee Agreement applicable, but perhaps you want to consider this.

: Mr. Cope

DS/km

Austria-Joint

OUTGOING WIRE

COPY

CLASS OF SERVICE: NLT

DATE: AUGUST 1, 1958

TO: TEUFENSTEIN
MINISTRY OF FINANCE
VIENNA

COUNTRY (AUSTRIA)

EXT:

Cable No.

External borrowing

THANKS YOUR CABLE AUGUST ONE STOP MISSION CONSISTING OF J. H. COLLIER,
C. FINNE AND J. FILIPPI WILL ARRIVE VIENNA ON OR ABOUT AUGUST EIGHTEEN
STOP OUR PRESENT THINKING IS THAT TO FACILITATE JOINT OPERATION BANK
WOULD LEND FOR VERBUNDGESELLSCHAFT PROJECTS WHILE MARKET ISSUE WOULD
BE FOR OTHER GOVERNMENT INVESTMENT STOP BANK MISSION WILL THEREFORE
CONFINE ITS TECHNICAL AND ECONOMIC APPRAISAL OF PROJECTS OF THOSE OF
VERBUNDGESELLSCHAFT STOP H. RIPMAN WILL ALSO ARRIVE ON AUGUST EIGHTEEN
FOR GENERAL POLICY DISCUSSIONS WITH INVESTITIONSKREDIT

COPE

AUTHORIZED BY:

NAME: S. R. Cope
DEPT: Operations - Europe, Africa and Australasia
SIGNATURE: JHCollier:mmr
(Signature of individual authorized to approve cable).

cc: Mr. Ripman and Mr. Bass

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire)

For Use by Archives Division
Checked for Dispatch

Original in Austria - External borrowing

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

Type in class of service desired. Each class is described as follows:

Letter Telegram Letter telegrams are normally delivered the morning after day of despatch. The cost is half the cost of full rate messages with a minimum charge for 22 words including address and text.

Full Rate Full rate messages are normally transmitted and delivered immediately. There is a minimum charge for 5 words, including address and text.

IBF Govt. This is a preferential rate extended to the Bank by some of its member countries. Messages are sent at full rate speed and at about half the cost. This rate normally should be used whenever available. It is at present available for the following countries:

Bolivia	Cuba	Guatemala	* Peru
Brazil	Dominican Republic	Honduras	* Syria
Burma	Ecuador	Jordan	Uruguay
Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

* In these countries the letter telegram rate is lower than IBF government rate and should be used for messages when immediate transmission is not required.

Code Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.

Day Letter Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.

Teletype To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 3008).

2. Address

Use only last name of addressee and cable address whenever possible. The Bank cable address "INTBAFRAD" is registered in Paris, Bogota, Canal Zone, Karachi, Lima, London, New York, Quito, Tegucigalpa and Tehran. The International Finance Corporation cable address "CORINTFIN" is registered in New York, Paris and London. The name of the country of destination must always be added. (No charge is made for the name of a country.)

3. Text

Messages to Bank Missions and to Resident Representatives should be numbered. These numbers may be obtained by calling Ext. 3008.

Type text in capital letters and double space between lines. The text should be edited to eliminate unnecessary words and unnecessary punctuation. If punctuation is needed, spell out the words "Comma," "Stop," etc.

Use common abbreviations whenever possible, i.e. reourlet, reurfive, etc. Write as one word hyphenated words, hyphenated names, and certain two-word groups, e.g. Airmail, Newyork, enduse.

4. Signature

Type in last name of sender. Use INTBAFRAD as part of the signature only when addressee does not know the address of the sender.

5. Authorization

Type in name and department of staff member authorizing message and have authorizing staff member sign the original (pink copy). A list of authorized signatures is kept in the cable office.

Forward messages in triplicate in a cable envelope to Room 211 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of cables outside of these hours.

ANY QUESTIONS REGARDING INCOMING AND OUTGOING WIRES SHOULD BE REFERRED TO THE CABLE POST, EXT. 3008.

Bundesministerium für
Land- und Forstwirtschaft
Zl. 96173/2 - 43992/58

Wien, am 14. Juli 1958

Gegenstand: Donaukraftwerk Aschach; Erklärung
zum bevorzugten Wasserbau.

B e s c h e i d.

H. Kallinger

Das Bundesministerium für Land- und Forstwirtschaft erklärt nach hergestelltem Einvernehmen mit dem Bundesministerium für Verkehr und Elektrizitätswirtschaft das von der

Österreichischen Donaukraftwerke A.G., geplante Bauvorhaben der Errichtung eines Donaukraftwerkes bei Aschach gemäß § 83 Abs. 2 Wasserrechtsgesetz als bevorzugten Wasserbau.

Im Sinne des § 94 Abs. 3 Wasserrechtsgesetz wird als Frist für die Einreichung eines verhandlungsreifen Entwurfes der 31. März 1959, für die Erwirkung der wasserrechtlichen Bewilligung der 31. Dezember 1960 festgesetzt.

Durch die Bevorzugungserklärung wird der nach den §§ 93 und 96 Wasserrechtsgesetz noch erforderlichen wasserrechtlichen Bewilligung und den an die Bewilligung zu knüpfenden Bedingungen in keiner Weise vorgegriffen.

Für die Bevorzugungserklärung ist gemäß Tarifpost 105 a der Bundesverwaltungsabgabenverordnung 1957, BGBl. Nr. 48, eine Verwaltungsabgabe von S 750.- binnen 3 Wochen in Stempelmarken dem Bundesministerium für Land- und Forstwirtschaft (Wasserrechtsabteilung) zu entrichten.

Begründung.

Die Österreichische Donaukraftwerke A.G. hat um die Erklärung ihres Bauvorhabens betreffend Errichtung eines Donaukraftwerkes bei Aschach als bevorzugter Wasserbau angesucht. Diesem Ansuchen war stattzugeben, da die beschleunigte Ausführung des Bauvorhabens im besonderen Interesse der österreichischen Volkswirtschaft gelegen ist.

Das Projekt für die Erteilung der wasserrechtlichen Bewilligung ist bereits ausgearbeitet und soll noch in diesem Jahr bei der Wasserrechtsbehörde eingebracht werden.

Die gewählte Staustelle in Strom-km 2162,7 liegt am unteren Ende der kurvenreichsten Engstrecke des österreichischen Donautales. Dieser Standort ist von Natur aus insofern zwingend vorgegeben, als nur an dieser Stelle das Engtal genügend breit und der Stromlauf hinreichend gestreckt ist, um sowohl Wehr und Kraftwerk als auch die fast 1 km lange Schleusenanlage samt Vorhäfen unterzubringen.

Der Rückstau des Werkes Aschach wird sich bei der gewählten Stauhöhe 280,0 m ü.A. 40km weit bis zum Kraftwerk Jochenstein erstrecken und bis in dessen Unterwasser reichen.

Das Hauptbauwerk soll 2 km oberhalb von Aschach errichtet werden. Die Schleusenanlage ist am rechten Ufer vorgesehen und besteht aus 2 Kammerschleusen von je 24 m Breite und 230 m Nutzlänge mit anschließenden Vorhäfen im OW und UW. An das Unterhaupt der Schleusenanlage soll stromaufwärts das Krafthaus anschließen, das 4 Turbinen mit einer Schluckfähigkeit von je $450 \text{ m}^3/\text{s}$ aufnehmen wird.

Die Wehranlage wird voraussichtlich aus 5 Wehrfeldern von je 24 m Lichtweite bestehen.

Das Energiedargebot des Werkes Aschach ist das größte im derzeit vorgesehenen Plan. Die gewählte Ausbauwassermenge von $1800 \text{ m}^3/\text{s}$ ermöglicht in Verbindung mit der zugehörigen Nutzfallhöhe von 15,3 m eine maximale Leistung von 228 000 kW.

Die erzielbare Jahresarbeit beträgt rd. 1450 Mio kWh. Bei der ausgeglichenen Wasserführung der Donau beträgt der Winteranteil der Energieerzeugung 606 Mio kWh oder 42 % und der Sommeranteil 844 Mio kWh oder 58 % der Jahresarbeit.

Das Staubegebiet der Stufe Aschach erstreckt sich von der Wehrstelle in Strom-km 2162,7 bis zum Unterwasser des KW Jochenstein in Strom-km 2203,33. Das Mittelwasser wird an der Wehrstelle um 15,65 m aufgestaut, aus dem bisher rasch durchströmten, gewundenen Engtal entsteht ein fjordartiger Bergsee. Die für die Schifffahrt bisher gefährlichen Strömungsverhältnisse - besonders in der Schlögener Schlinge - werden durch den Aufstau vollkommen beseitigt. In Zukunft ist also in diesem Stromabschnitt ein gefahrloser Schiffsverkehr in Berg- und Talfahrt bei Tag und Nacht gesichert.

Ergeht gleichlautend an:

- 1.) die Österreichische Donaukraftwerke A.G. in Wien I., Hohenstaufengasse 6;
- 2.) das Bundesministerium für Verkehr und Elektrizitätswirtschaft, Sektion IV, Wien I., Schwarzenbergplatz 1;
- 3.) das Bundesministerium für Verkehr und Elektrizitätswirtschaft, Amt für Schifffahrt, Wien I., Kärntnerring 8;
- 4.) das Bundesministerium für Handel u. Wiederaufbau, Abteilung 5, in Wien I., Regierungsgebäude;
- 5.) das Amt der O.Ö.Landesregierung in Linz;
- 6.) die Österreichische Elektrizitätswirtschafts - A.G. (Verbundgesellschaft) in Wien I., Am Hof 6;
- 7.) die Bezirkshauptmannschaft in Eferding, O.Ö.;
- 8.) die Bezirkshauptmannschaft in Rohrbach, O.Ö.;
- 9.) die Bezirkshauptmannschaft in Schärding, O.Ö.;

Für den Bundesminister:

Dr. H a r t i g

Für die Richtigkeit
der Ausfertigung:

Helligkeit

Austrian-Joint project

AUSTRIAN EMBASSY
2343 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C.

REF. NO. 401-Res/58

TELEPHONE: DUPONT 7-2477

July 9, 1958.

Mr. Michael L. Lejeune ✓
Assistant Director of Operations
Europe, Africa and Australasia
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C.

Dear Mr. Lejeune :

I refer to a telephone conversation I have had with Mr. Collier and want to repeat to you in writing the contents of a cable which we have received from our authorities in Vienna:

The Minister of Finance has informed the Council of Ministers about the recent negotiations and discussions of Dr. Teufenstein in Washington and New York. The Minister of Finance has asked the New York investment banks Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. to make the necessary preparations for an Austrian bond issue in the New York market, the proceeds of which are to be used for investment of the Federal Government and of the Verbundgesellschaft. The two investment banks were asked to discuss between themselves an arrangement which would provide for a joint management. The New York investment banks were asked to carry out their preparatory work in coordination with the International Bank for Reconstruction and Development and to take into account the bank's recommendation; in particular the findings of the bank's mission, which, as we understand, is envisaged for the month of August, will have to be heeded. The choice of projects, as well as the extent and mode of the eventual participation of the World Bank will naturally have to be discussed in great detail.

The Ministry of Finance is aware of the negotiations which have taken place between the Verbundgesellschaft and the Berliner Handelsgesellschaft with regard to a long-term loan in DM. The Ministry of Finance is also aware of the World Bank's

Copy para. 5 in Austria-Berliner

attitude, and it shares the bank's feeling that final decisions, especially with regard to the participation of the World Bank, should be taken only after a detailed exchange of views with the bank's mission. It might, however, be possible, to discuss some of the organisational and administrative details which are ^{likely} to show up, before. In any case, the Austrian Government attaches great importance to the advice and recommendations which the World Bank might wish to make with regard to the German credit project.

11 What kind of "details"?

I remain,

Yours very sincerely



Edgar Plan
Financial Counselor

RECEIVED
CENTRAL FILES

JUL 10 8 55 AM 1958

CORRESPONDENCE

UNIT OF THE COMMISSION
JUL 10 1958

UNIT OF THE COMMISSION

Faint, illegible text, possibly a letter or report, located in the lower half of the page.

Mr. Eugene R. Black

July 8, 1958

Michael L. Lejeune

Austrian-New York Issue

Mr. Samuels of Kuhn, Loeb and Company called you this afternoon but found you out and then called me. He said that Kuhn, Loeb had received word from Kamitz, the Finance Minister, that the government wished Kuhn,Loeb to go ahead with plans for a public issue in New York of Austrian government bonds, this issue to be joint with lending by the Bank. The two together would total \$30 million. Part of this money would be for the Verbundgesellschaft and part would be for the Austrian government's other investment needs.

Kamitz had said that in view of the existing arrangement between Ladenburg, Thalmann and the Verbundgesellschaft, the government would welcome Ladenburg, Thalmann working with Kuhn, Loeb. Mr. Samuels said that they were at present in discussion with Ladenburg, Thalmann which would be concluded in a few days. The position was that Kuhn, Loeb would be glad to have Ladenburg, Thalmann as co-managers but, as Kamitz himself had suggested, Kuhn, Loeb would without question be the leaders and would "keep the books" on the issue.

cc: Mr. J. Burke Knapp
Mr. S. R. Cope
Mr. J. H. Collier

MLLejeune/vhn

OFFICE MEMORANDUM

TO: Files

DATE: July 7, 1958

FROM: J. H. Collier *JH*

SUBJECT: Austria

This morning I received a telephone call from Franz Oppenheimer who said that he had received a cable from Dr. Stahl. He proceeded to read me a rough translation of the principal points which were as follows.

- ✓ 1. Dr. Kamitz had authorized Stahl to inform Oppenheimer and the World Bank that he favors a joint (gemeinsam) dollar issue of the Verbundgesellschaft and the Government in New York.
2. Kamitz also "supports pursuing the Berliner Handelsgesellschaft proposal".
3. Dr. Stahl would very much like a meeting in Europe to discuss the negative pledge problem.
4. A construction program for the Verbundgesellschaft is being submitted to the Government which is expected to approve it by July 21.
5. This cable had been approved (abgestimmt) by the Ministry of Finance.

I also had a conversation with Dr. Plan of the Austrian Embassy and mentioned this cable to him. He said that the Embassy had no official word from Vienna on these matters and he himself took a very cautious attitude. He said that they would ask Vienna for a statement on the position which they could then give to the Bank.

We have meanwhile received a letter from Dr. Stahl, dated July 1, in this letter he makes no mention of a possible meeting in Europe but, instead, says that he needs more time to prepare his new construction program. He says that program would be ready for discussion if a Bank mission would visit Austria in mid-August and concludes by suggesting that the Washington discussions should take place in the first half of September.

JHCollier:fgs

cc: Mr. Lejeune
Mr. Spottswood
Mr. Cancio
Mr. Rutland

*Copies in Austria - Berliner
✓ - External
borrowing by V.G.*

Proposed Archival Project name

BUNDESKANZLERAMT
Auswärtige Angelegenheiten
Zl. 522.473-VR/56

Wien, am 12. März 1956

Anleihe der Internationalen Bank für
Wiederaufbau und Wirtschaftsförderung
zum Ausbau der Österreichischen Elektrizitätswirtschaft; Kraftwerk Ybbs-Persenbeug
(Gutachten).

An das

Bundesministerium für Verkehr und verstaatlichte
Betriebe, Amt für Schifffahrt,

W i e n

Unter Bezugnahme auf die do. Note Zl. 25.709/1/5-1956 vom
6. März 1956 beehrt sich das Bundeskanzleramt, Auswärtige Angelegenheiten, beiliegend ein Exemplar des unter Berücksichtigung der do. Stellungnahme, eines Gutachtens des Bundesministeriums für Land- und Forstwirtschaft sowie der ho. wahrzunehmenden Gesichtspunkte erstellten Gutachtens betr. das Kraftwerk Ybbs-Persenbeug, zu übermitteln.

Für den Bundesminister
für die Auswärtigen Angelegenheiten:

V e r o s t a

G u t a c h t e n

Die Frage, ob das Projekt Ybbs-Persenbeug den Interessen anderer Uferstaaten entgegensteht oder die Bestimmungen bestehender internationaler Vereinbarungen über die Schifffahrt über und die Wasserrechte an der Donau verletzt, ist einerseits vom völkerrechtlichen (siehe I), andererseits vom rein technischen Standpunkt (siehe II) zu prüfen.

I.

Die die Donau betreffenden völkerrechtlichen Regelungen sind derzeit in folgenden Abkommen enthalten:

1. Uebereinkommen betreffend das endgültige Donaustatut vom 23. Juli 1921.
2. Uebereinkommen über die Nutzbarmachung von Wasserkraften, an denen mehrere Staaten beteiligt sind, und Unterzeichnungsprotokoll vom 9. Dezember 1923.
3. Die zwischen der Republik Oesterreich einerseits und der Bundesrepublik Deutschland, Bulgarien, Jugoslawien, Rumänien, Tschechoslowakei und Ungarn andererseits abgeschlossenen bilateralen Donauschiffahrtsabkommen.
4. Artikel 31 des Staatsvertrages über die Wiederherstellung eines unabhängigen und demokratischen Oesterreich.
5. Zu erwähnen wäre schliesslich noch die Belgrader Donaukonvention vom 18. August 1948, der jedoch Oesterreich nicht angehört.

ad 1.

Artikel XIV des Uebereinkommens vom 23. Juli 1921 sieht vor:

"Die Uferstaaten werden der internationalen Kommission eine summarische Beschreibung aller Arbeiten übersmitteln, die sie im Interesse ihrer wirtschaftlichen Entwicklung für notwendig erachten,

insbesondere von Hochwasserschutzbauten, Bewässerungsanlagen und Arbeiten zur Ausnutzung der Wasserkräfte, die innerhalb ihrer eigenen Staatsgrenzen an den Wasserweg ausgeführt werden sollen.

Die Kommission kann solche Arbeiten nur insoweit verbieten, als sie geeignet wären, die Schiffbarkeit des Stromes zu beeinträchtigen.

Hat die Kommission innerhalb einer Frist von zwei Monaten vom Tage der Mitteilung keine Einwendung erhoben, so kann ohne weitere Förmlichkeiten an die Ausführung der erwähnten Arbeiten geschritten werden. Im gegenteiligen Falle hat die Kommission in der kürzesten Frist, spätestens jedoch innerhalb vier Monaten nach Ablauf der ersten Frist, eine endgültige Entscheidung zu treffen."

Das Projekt des Elektrizitätswerkes Ybbs-Persenbeug geht bis auf das Jahr 1928 zurück. Nach der Projektierung brachte im Jahre 1929 anlässlich der 23. Plenarsession der Internationalen Donaukommission die österreichische Delegation der Donaukommission das Projekt Ybbs-Persenbeug zur Kenntnis. Die Donaukommission hat damals nicht nur keine Einwände gegen das Projekt erhoben, sondern auch anerkannt, dass dieses eine Verbesserung der Schifffahrtsbedingungen auf dem in Frage kommenden Teil der Donau darstellt.

Das jetzige Projekt Ybbs-Persenbeug entspricht jedoch im wesentlichen dem seit von der Donaukommission genehmigten Projekt. Die Lage, Zahl und die Abmessungen der Schiffschleusen sind unverändert geblieben.

Es wurden lediglich einige im Interesse der Schifffahrt gelegene Verbesserungen durchgeführt:

So wurde die Füll- und Entleerzeit der Schleusen durch Einbau entsprechender Einrichtungen wesentlich verkürzt. Durch eine allen Anforderungen entsprechende Beleuchtungsanlage ist die Benutzung der Schleusen auch während der Nacht möglich. Die Ausbildung der Vorhäfen gestattet ein rascheres Umgruppieren der Schleppzüge. Die Verkehrskapazität der beiden Schleusen des Kraftwerkes Ybbs-Persenbeug beträgt etwa 8 Millionen Tonnen Güter pro Jahr und bietet damit ausreichende Reserven für die Zukunft, da der Schiffverkehr bis jetzt 3 Millionen Tonnen pro Jahr noch nicht erreicht hat.

Aus dem oben Gesagten ergibt sich, dass den Verpflichtungen der Republik Oesterreich nach dem Übereinkommen vom 23. Juli 1921 voll und ganz Genüge getan wurde.

Ad 2.

Artikel 4 des Uebereinkommens vom 9. Dezember 1923 lautet:

"Wenn ein Vertragsstaat zur Nutzbarmachung von Wasserkraften Arbeiten auszuführen wünscht, aus denen sich für irgendeinen anderen Vertragsstaat eine schwere Schädigung ergeben könnte, so werden die beteiligten Staaten zwecks Abschlusses von Vereinbarungen verhandeln, welche die Ausführung dieser Arbeiten ermöglichen sollen".

Wie sich bereits aus dem zu 1. Gesagten und aus den noch folgenden technischen Ausführungen (siehe II) ergibt, kann von einer "schweren Schädigung" im Sinne des zitierten Artikels 4 nicht gesprochen werden, sondern bringt das Projekt vielmehr eine Verbesserung der Schifffahrtsbedingungen mit sich.

Von den Staaten, die das vorliegende Uebereinkommen ratifiziert haben (Dänemark, Griechenland, Grossbritannien, Irland, Neuseeland, Panama, Tschechoslowakei, Ungarn), sind überdies nur zwei, nämlich die Tschechoslowakei und Ungarn als Uferstaaten von Bedeutung.

ad 3 und 4.

Die in den Jahren nach dem 2. Weltkrieg von Oesterreich mit den anderen Donauuferstaaten abgeschlossenen bilateralen Donauschifffahrtsabkommen sowie Artikel 31 des Oesterreichischen Staatsvertrages beinhalten lediglich die Verpflichtung Oesterreichs, die österreichische Donaustrecke für die Schifffahrt der jeweiligen Vertragspartner frei zu halten.

Wie bereits oben ausgeführt wurde, bedeutet das Projekt Ybbs-Persenbeug eine Verbesserung der Schifffahrtsbedingungen auf dem betreffenden Teil der Donau. Auch eine Erhöhung der Kosten der Schifffahrt tritt nicht ein, da für den Betrieb und die Erhaltung der Schleusenvorrichtungen das Kraftwerk Ybbs-Persenbeug selbst aufzukommen hat.

ad 5.

Oesterreich ist nicht Mitglied der Belgrader Donaukonvention vom 18. August 1948, die zwischen der Union der Sozialistischen Sowjetrepubliken, Bulgarien, Jugoslawien, Rumänien, der Sozialistischen Sowjetrepublik Ukraine,

der Tschechoslowakei und Ungarn abgeschlossen wurde; Verpflichtungen können daher Oesterreich aus diesem Abkommen (welches übrigens von Frankreich, Grossbritannien, und Italien nicht anerkannt wurde) nicht erwachsen.

Im Übrigen würde das vorliegende Projekt auch den Ansprüchen der Donaukonvention 1948 genügen, welche insbesondere im ersten Satz des Artikels 3 festgehalten sind, der lautet wie folgt:

"Die Donaustaaten verpflichten sich, ihre Donauabschnitte in einem für Flussschiffe schiffbaren Zustand zu erhalten und, was die für Seeschiffe geeigneten Abschnitte anbelangt, die für die Sicherung und Verbesserung der Schifffahrtsbedingungen notwendigen Arbeiten auszuführen und die Schifffahrt in den schiffbaren Kanälen der Donau nicht zu behindern oder zu hemmen".

Zusammenfassend darf schliesslich noch darauf hingewiesen werden, dass seit den Anfängen des Projektes Ybbs-Persenbeug noch nie auch nur einer der Donauuferstaaten gegen dieses Projekt Einwände erhoben hat. Auch anlässlich der Anfang 1956 durchgeführten wasserwirtschaftlichen Verhandlungen mit Ungarn wurden von ungarischer Seite keinerlei, das Projekt Ybbs-Persenbeug betreffende Bedenken geltendgemacht.

Die folgende Stellungnahme zu den technischen Auswirkungen des Projektes bietet die beste Erklärung dafür, dass bisher keiner der anderen Uferstaaten Bedenken geltendgemacht hat.

II.

Der durch das geplante Kraftwerk Ybbs-Persenbeug beanspruchte Donauabschnitt liegt mehr als 100 km von der österreichisch-bayrischen und mehr als 200 km von der österreichisch-tschechischen Donaugrenzstrecke entfernt. Demnach ist Oesterreich selbst der einzige Uferstaat im Bereich der Anlage.

Rückwirkungen stromaufwärts bis Bayern sind unmöglich, weil die Hebung des Wasserspiegels bei Ybbs-Persenbeug nur 11 m beträgt, der Stau

daher ungefähr 40 km stromabwärts von Linz ausläuft.

Auch in der Stromrichtung wird sich Ybbs-Persenbeug auf die unterhalb gelegenen Uferstrecken nur wenige Kilometer weit, bei ganz ausnahmsweise grösseren Manipulationen vielleicht bis etwa Melk bemerkbar machen. Von der Marchmündung abwärts, wo das linke und nach rund 6 km auch das rechte Ufer tschechisch sind, erscheint eine Schädigung fremden Staatsgebietes oder fremder Ufer ausgeschlossen.

Somit kann die Durchführung des Bauvorhabens Ybbs-Persenbeug den Interessen anderer Uferstaaten in keiner Weise abträglich sein oder entgegenstehen.

Wasserrechte der stromabwärts gelegenen Donaustaaten vermag die Anlage Ybbs-Persenbeug nicht zu beeinträchtigen, weil sie sich ihrer ganzen Konstruktion nach für einen Schwellbetrieb wenig eignet und die Bewilligung eines solchen in der wasserrechtlichen Konzession weder von den Donaukraftwerken beantragt noch von der Wasserrechtsbehörde beabsichtigt ist.

Zusammenfassend sei also festgestellt, dass die Durchführung des Bauvorhabens Ybbs-Persenbeug weder den Interessen anderer Uferstaaten entgegensteht, noch die Bestimmungen bestehender internationaler Vereinbarungen über die Schifffahrt und die Wasserrechte an der Donau verletzt.