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THE WORLD BANK Washington, D.C.

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A1995-143 Other # 9 Box # 193447B Electric Power and Industrial Project - Finland - Loan 0016 - P037366 -Administration - Volume 3



DECLASSIFIED WBG Archives

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MICROFILMED

Tinland.

December 29, 1950

Dear Mr. Hallama:

Attached in triplicate is a letter to the Eank of Finland approving the inclusion of five motors ordered in England by G. A. Serlachius Oy. The request that we finance this item is contained in letters from the Central Association of Finnish Woodworking Industries and from G. A. Serlachius Oy. which we received directly from Finland.

I should be grateful if you would forward the original letter to Helsinki.

Very truly yours,

Doe.P

S. R. Cope Loan Officer

Enclosurez

Mr. Jaakko Hallama Secretary, Legation of Finland 1900 - 24th Street, N.W. Washington, D.C.

JFajans/pmk c.c. Miss Morsey Mr. Verheyen

December 29, 1950

Gentlemen:

Thank you for your letter of December 18, 1950, ref. V/JG/ K.1270/WJ, with which you enclosed a letter of the Central Association of Finnish Hopdworking Industries, dated December 16, 1950, requesting the inclusion in the list of goods of our loan to yourselves of five motors ordered by G. A. Serlachius Cy from Brush Export Limited, Loughborough, England.

I am pleased to advise you that the Bank is prepared to approve the request. However, we do not propose to make a formal change in the official list of goods in order to institute a special category II 7 (vii), but shall finance the motors under category II 7 (iv) -- one complete Fourdrinier paper machine, auxiliary machinery and miscellaneous items.

Consequently, the amount of \$11,952 is being transferred in the breakdown list of goods from category II 12 to category II 7 (iv). It is assumed that you will adjust your records accordingly.

Very truly yours,

S. R. Cope Loan Officer

Suomen Pankki-Finlands Bank Helsinki, Finland

Cleared with Treasurer's Department

JFajans/m

cc: Miss Morsey Mr. Verheyen JRM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT filland how

OFFICE MEMORANDUM

Mr. S.R. Cope

DATE:

December 28, 1950

FROM:

SUBJECT:

TO:

A. de Tchihatchef

Finland -- Woodworking Industries

Jean. affice

The attached correspondence was received from the Bank of Finland under cover of their letter V/JG/K.1270/MJ of December 18. The following extract from their letter refers to this correspondence:

"We also enclose a letter of The Central Association of Finnish Woodworking Industries of the 16th December and a letter of G.A. Serlachius Oy., Mantta, of the 12th December with enclosures concerning a purchase application in connection with their share in the Loan IB-16-FI-II-7(vii).

"Hoping that you will take this matter into your favorable consideration we remain...."

December 28, 1950

Dear Mr. Vitathum:

Thank you very much for your letter of December 18, 1950. I am glad to hear that the payment arrangements in connection with the new greaseproof machine for Mantta are working satisfactorily.

I note that your company is interested in installing a new board machine at its Tako mill in Tammerfors and that you are proposing to submit the scheme to the Bank. We should, of course, like to look at it when your plans have taken definite shape.

With all good wishes for the New Year,

I am,

Yours sincereky,

R. L. Garner

Mr. B. Vitathum Minttä Finland

SRCope/pmk Dec.27/50 c.c. Dr. Rembert INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OFFICE MEMORANDUM TO: Mr. R. L. Garner through Mr. A.S. G. Hoar DATE: December 27, 1950 FROM: S. R. Cope SUBJECT: Finland - Finance of board machine for G. A. Serlachius

> I am enclosing for your signature, letter to Mr. Vitzthum which I have prepared in accordance with our conversation of this

morning.

SRC/pmk Attach.

Mänttä, December 18th, 1950 Finland

Mr. R. L. Garner Vice President of the International Bank for Reconstruction and Development <u>Washington 25, D.C.</u> U.S.A.

Dear Mr. Garner,

I have been on a 2 months' trip to practically all countries around the Mediterranean and on my return home was very pleased to note that the first payment for MÄNTTÄ's new Greaseproof-machine has definitely been arranged through Holland according to the scheme I proposed to you during your visit to Finland.

I am convinced that this rather complicated way of payment which is of great use to Germany, Holland and Finland would never have been accepted unless you personnally kindly would have given this question your personal attention. I therefore wish to thank you most sincerely for your great help in this matter.

The demand for paper and board is rapidly increasing on all markets - partly of course owing to the general political situation, but thank Godness mainly because the standard of living is really becoming better in practically all countries.

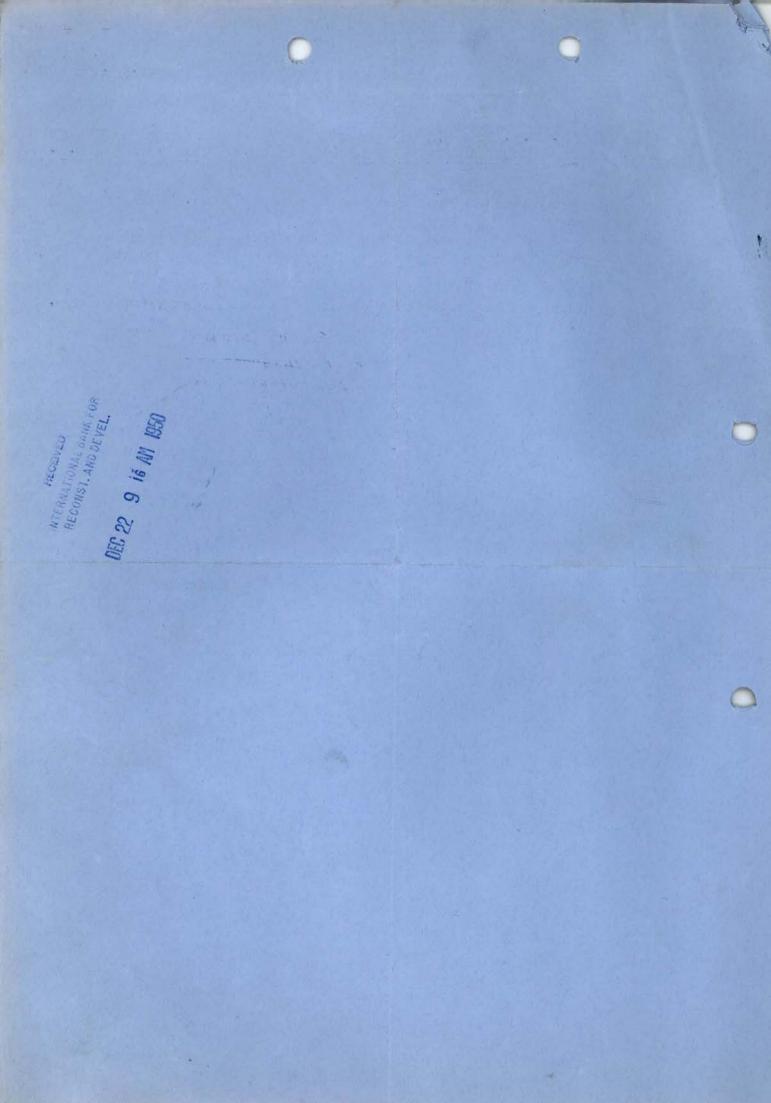
My firm, G. A. SERLACHIUS Oy, is therefore very interested in installing a new board-machine at our TAKO MILL in Tammerfors. We have with the consent of the Bank of Finland therefore informed Dr. Söderhjelm in the Central Organisation of the Finnish Wood Working Industry that we are very interested in a further loan from your bank for \$ 1.100.000.- and Finnish Marks 150.000.000:-. This new installment would increase the production at our TAKO MILL from **3**0.000 to 50.000 tons a year. We are now preparing our definite proposal and hope that the Interbank will later on accept pur Mr. R.L.Garner, Vice President of the International Bank for Reconstruction and Development, Washington 25, D.C.

proposal and grant us the necessary loan.

Thanking you for your very kind letter of October 18th which I yesterday found on my desk on my arrival home I send you my very best wishes for a Merry Christmas and a Prosperous and Peaceful New Year.

B. Ashum Sincerely Yours,

BV/Kn.



THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, December 16, 1950.

Finland Loan

International Bank for Reconstruction and Development, Washington.

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

G. A. Serlachius Oy, for whom a total of <u>2.175.783:-</u> of the loan is reserved, requests in their enclosed letter of December 12 your approval for the following purchase:

Item 7-(vii)

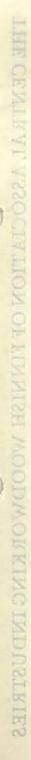
5-motors from England for the special grease-proof machine, ordered from Voith,

We recommend this request be approved and would appreciate getting your reply soonest possible.

, Yours very truly THE CENTRAL ASSOCIATION OF

ING INDUSTRIES NNISH

1 letter with enclosures.



SL'DE

REGEIVED

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

DEC 21 4 29 PM 1950

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(4-48)

2 capies rec's , 2/15/50 1. Mr. Suptana INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT DECLASSIFIED

Copy No. 4 SLC/A/ 203 CONFIDENTIAL

Finland Loan

STAFF LOAN COMMITTEE

Date:

December 15, 1950

TO: Mr. Sommers

SEP 12 2017 WBG ARCHIVES

A meeting of the Staff Loan Committee will be held at _____.m.

on Tuesday, December 19, 1950, in Room No. 1005

him

Michael L. Lejeune Harold Folk Secretary, Staff Loan Committee

AGENDA

1. Finland

The Committee will consider the attached SLC/0/286, Loan Director's Memorandum on Finland dated December 15, 1950.

2. Italy

The Committee will also consider a brief Loan Director's Memorandum on Italy which will be distributed in advance of the meeting.

Dis	stribution		
1.	Mr. Eugene Black	9.	Mr. A.S.G. Hoar
2.	Mr. R. L. Garner	10.	Mr. O. A. Schmidt
3.	Mr. W.A.B. Iliff	11.	Gen. R. A. Wheeler
4.	Mr. D. Sommers	12.	Mr. E. G. Burland
5.	Mr. D. Sommers Mr. D. Crena de Iongh	13.	Mr. H. Folk
6.	Mr. L. B. Rist	14.	Files
7.	Mr. L. B. Rist	15.	Mr. S.R. Cope
8.	Mr. R. H. Demuth	16.	me cone cope

CONFIDENTIAL SLC/0/286

STAFF LOAN COMMITTEE

DECLASSIFIED SEP 1 2 2017 WBG ARCHIVES

LOAN DIRECTOR'S MEMORANDUM

Finland

1. I attach a report on the creditworthiness of Finland dated December 13, 1950 (E.127) which has been prepared by the Economic Department in response to the Vice President's request made at a Staff Loan Committee meeting held on November 30, 1950.

- 2. The report indicates that:
 - (a) Finland's balance of payments prospects are good, apart from internal and international political uncertainties;
 - (b) Finland would be justified in borrowing abroad to increase productive investment in appropriate sectors of her economy;
 - (c) The present internal situation is obscured by political instability, strikes and inflation;
 - (d) Finland is vulnerable if the present international situation becomes worse.
- 3. I recommend that:
 - (a) Provided there is no general deterioration in the international situation, the Bank send a small mission to Finland early in the new year with the object of -
 - (i) reviewing recent developments in Finland and
 - (ii) considering the basis on which the Bank should invest further in Finland.
 - (b) The timing of the mission and its terms of reference should be for later consideration.
 - (c) Until the mission has returned, no further work should be done on the Sunila bleaching mill proposals.
 - (d) Work on the tanker proposal should continue.

W.A.B.Iliff Loan Director

December 15, 1950

INTERNAT IAL BANK FOR RECONSTRUCTION D DEVELOPMENT

OFFICE MEMORANDUM

Treasurer's Department, Mr. Cavanaugh TO: Loan Department, Mr. Fajans Legal Department, Miss Foley FROM: Ellen E. Miller, Secretary 's Department SUBJECT: Loan No. 16 Finland

DATE: December 14, 1950

inland Loan

Attached, for your files, is a photostatic copy of an executed letter dated December 5, 1950, from Authorized Representative, amending the list of goods in respect of the loan to the Bank of Finland.

Attachment

OFFICE SERVICES 17.10

Messrs. Cope, Brion, Miss Morsey

December 13, 1950

Finland Roan

M. M. Rosen mm h

Finland

At a recent meeting of the Staff Loan Committee, the Vice President requested the Recommic Department to prepare a brief paper on Finland's creditworthiness which would indicate whether the Bank could consider a possible further program of Loans to Finland. Attached for your information is a copy of a paper which has been prepared by Mr. Robinson and approved by the Recommic Department for circulation to the Staff Loan Committee which is expected to meet in the very near future.

2

cc: Mr. Rist (2)

MMRosen: amg

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. H. W. Riley FROM: H. B. Ripman

FORM No. 57

(5-48)

DATE: December 12, 1950

Liften Ben Eugo

SUBJECT: Finland- Electric Power Projects, November Schedule of Purchases and Deliveries

In connection with the Schedule of Purchases and Deliveries for November 1950 received from the Bank of Finland with their letter of the 5th inst. the following brief survey gives an overall up to date appreciation.

The Electric Power Projects involve a program larger than the amount by which the Bank participates therein. Therefore, in order to follow the progress of these Projects, it is necessary to take into account the entire operation. The following table purports to illustrate the situation as at November 30, 1950.

1.	Total value of orders placed to date by Finns for the program toward the cost of which the Bank participates	\$2,578,869.50	
	This amount can be broken down as follows:		
	a) Value of orders completed (equipment in- stalled in Finland) up to November 30, 1950	1,053,686.28	
	b) Value of orders still outstanding as at November 30, 1950 of which \$395,830.77 and S.F. 127,851.13 have already been paid to manufacturers	1,525,183.22	
2.	Amount of loan allocated to these Projects	1,750,000.00	
3.	Amount of loan funds allocated to the program for which orders have already been placed	1,600,806.00	
4.	Disbursements as at November 30, 1950	1,300,343.00	

No action required.

AT/VO

G.A. SERLACHIUS OY

TRADE MARK TELEGRAMADRESS: SERLACHIUS, MÄNTTÄ.

> CODES A. B. C. 7th Ed. BENTLEY ZEBRA CODE 4th Ed. BOE

MÄNTTÄ FINLAND

December 12,1950.

Finland Loan

International Bank for Reconstruction and Development. 181 H. Street, N.W. Washington 25 D.C. U.S.A.

Gentlemen,

Our share of the loan IB-16-FI. J-7- (vid)

We would kindly ask you to give your consent for the purchase of 5 electrical motors from Brush Export Limited. Loughborough, England, amounting totally to £ 4.274 :-. The motors are needed for the special grease-proof machine ordered from Voith G.m.b.H., Gummersbach, Germany.

Sour complete found in the to an and the second We enclose Brush Export Limited's proforma-invoice of October 18,1950.

Yours very truly,

Pp G.A. SERLACHIUS Oy Phea Haggbeon Ling Marchit

Encl.

condon Office DUKE'S 32, DUK LONDO MAGNETO, WHITEHALL	COURT, KE ST., ST. JAMES'S N, S.W.1. PICCY, LONDON	PRO FORMA		BRUSH, LOUGHBORC 3131 LOUGHBORO	
	D	r. to BRUSH	1	OY F	ENCO AB
		EXPORT LIN	ITED		
		(A SUBSIDIARY OF - THE BRUSH ELECTRICAL EN LOUGHBOROL ENGLAND			
	G. MA	A. Serlachius Oy, NTTA.	Your Order Our Order Advice Note	Detober, 195 r No. No. EO/3035/X EMD/JMC. e No.	······
ite	Quantity	DESCRIPTION	Rate		TOTAL
<u>Item 1.</u>	<i>L</i> ą.	COUNTRY OF ORIGIN - ENGLAN 120 H.F. 487 r.p.m. 500 vol 3 phase, 50 cycle, screen p slip ring induction motor frame size TR 552. Price each	t, rotected, provisional	£588.10.0a.	188.10 2921.14 417.4 39.27 39.27 2,354.0.0
<u>Item 2.</u>	4	 120 H.P. 487 r.p.m. 500 vol 3 phase, 50 cycle, totally enclosed, fan cooled, slipr induction motors. Provisio frame size TRF 752. Price each <u>RATING</u>: The above motors would be r accordance with BSS 168/193 <u>CONTROL GEAR</u>: Totally enclosed, hand oper fixing, oil immersed, combi and rotor starters. Price each (excluding oil) 	ated in 6. ated, floor ned stator	£730. 8.6d.	2,921.14.0
7/2M/6-50.			Contin	ued	

P4

PRO FORMA

London Office : DUKE'S COURT, 32, DUKE ST., ST. JAMES'S, LONDON, S.W.1. MAGNETO, PICCY, LONDON WHITEHALL 6177.

Г

Dr. to

1



relegrams : "BRUSH, LOUGHBOROUGH" Telephone : 3131 LOUGHBOROUGH

EXPORT LIMITED

(A SUBSIDIARY OF - THE BRUSH ELECTRICAL ENGINEERING CO. LTD.)

LOUGHBOROUGH

ENGLAND

Your Order No.	
Our Order No.	
Advice Note No.	
Invoice No.	

- 2 -

Invoice No.

	-	-	
ite	Quantity	DESCRIPTION Rate	TOTAL
		COUNTRY OF ORIGIN - ENGLAND	
		APPROXIMATE SHIPPING SPECIFICATION:	
		Lbs.Net. Lbs.Gross.Ocean Tons.	
		TR 552 3360 4150 2.1 TRF 752 6200 6900 3.75 Each control gear 330 530 0.6	
		TERMS:	
		The above prices include for suitable packing for shipment and delivery F.O.B. British Port. Our offer is subject to our standard Conditions of Sale "AE", our terms of payment being 30% cash with order, the balance to be paid on receipt of shipping documents or within 30 days from receipt of notification that the goods are ready for despatch.	
		For further details, please see our tender dated 18th October, reference EO/3035/X/EMD/JMC.	
		DESPATCH	
		Item 1. 24 weeks. Item 2. 39 weeks.	
		p.p. BRUSH EXPORT LIMITED.	
P417/2M/6-50.		TENDERING DEPT.	

IM No. 57 (5-48)

FROM:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Finland Loan

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: December 8, 1950

Herbert W. Robinson Hark . how Slevenson

SUBJECT: Finland - Supply of Information

I notice from the Research Files chart on Information Received from the Borrower that some items in the Finnish material are not being received regularly. Would you kindly prod the government on this matter.

The Bank has not received any information under Item 2(d) -Receipts and Expenditures of Major Foreign Currencies - since January 1950. It may be that the Finnish Government find this information difficult to provide. After due consideration I have concluded that it may be helpful to the Finns and to us if in place of Item 2(d) we receive the following information:

2(d)

Total foreign exchange assets and total foreign exchange liabilities of the Bank of Finland and other banks, broken down into the major individual foreign currencies, at the end of the month;

and request the information presently requested under Item 2(d) on a quarterly instead of a monthly basis.

HWR:js

les

December 8, 1950

Secretary's Archives Virginia Morsey Loan No. 16FI

Attached for the Archives is original executed letter amending the list of goods in respect of the loan to the Bank of Finland. Will you please furnish photostatic copies to the following:

Treasurer's	Dept.	(Mr.	Cavanaugh)	2
Loan Dept.	(Mr. Pa	jans)		1
Legal Dept.	(Miss	Foley	•)	1

cc - Mr. Cavanaugh (2) Mr. Fajans Miss Morsey Miss Foley C & R

VMorsey:dg 12/8/50 FORM No. 57 (5-48) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT inland hear

OFFICE MEMORANDUM

TO: Mr. W. A. B. Iliff through Mr. A. S. G. Hoar

DATE: December 6, 1950

FROM:S. R. Cope

SUBJECT: Finland - \$12.5 Million Loan

This latest amendment to the official list of goods of our loan to the Bank of Finland gives effect to the inclusion, approved last week, of two additional items of equipment.

The Treasurer's and Legal Departments were consulted and the Legal Department drafted the amendment.

Would you please sign the form of confirmation on the attached copies and return them to me?



Note: Original sent to Miss Morsey; two returned to Mr. Hallama.

LEGATION OF FINLAND

December 5, 1950

WASHINGTON 8, D. C. NEW ADDRESS 1900 TWENTY-FOURTH STREET, N. W.

MP 5699

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

Gentlemens

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Suomen Pankki-Finlands Bank, we request your agreement to the amendment of item 11 of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950, as follows:

11. Nokia Osakeyhtio (Nokia Co. Ltd.)

- b) 2 Trucks
- d) 1 Lathe
- g) 1 Tractor with dozer shovel and dozer blade
- h) 1 Suction press roll for paper machine V
- 1) Extra mantel for above
- j) One Suction press roll for paper machine IV
- k) Paper rewinding machine
- 1) Sheets of stainless steel
- m) 1 M/G cylinder
- n) Supporting frame for cylinder

In other respects, the list of goods attached to our letter of June 9, 1950, as heretofore amended, will remain unchanged.

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

Very truly yours,

Authorized Representative Suomen Pankki-Finlands Bank

Confirmeds

International Bank for Reconstruction and Developmen#

by

W. A. B. ILIFE Loan Director

Helsinki, 4th December, 1950. V/KK/K.1225/MJ. Jui / Elec/ Herr

VIA AIR MAIL



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

Gentlemen,

Reference is made to your letter of the 14th November, 1950, (Nº EU/651) in which you remarked that goods which have arrived in Finland as partial deliveries still have been listed in our monthly report concerning the purchases and deliveries for the Electric Power Projects.

We therefore have communicated with the Association for Electric Power Projects which suggests the following procedure to be applied in this connection. The said goods will continue to be listed in the monthly report until the full price has been paid. If, however, only a very small balance remains unsettled for some reason or other, the Association will discontinue to list the relative goods, as if their full price had been paid. This principle will be followed already in the next report which will be submitted within few days.

The 6 dragline buckets referred to in the second paragraph of your letter have already arrived in Finland, the first 3 on the 7th February 1950 (listed in the February Report) and the other 3 on the 21st April, 1950, as stated by yourselves.

Hoping that the above arrangement will meet with your approval we remain,

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

V UR 611 1820

T. Tanuala

TO GROUP WILL DE

Seen by fr. Brien

V/KK/K.1225/M3 Helsinki, 4th December, 1950.

VIA AIS MAIL



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

Gentlemen,

Seen by the Brian

liveries for the Electric Power Projects. listed in our monthly report concerning the purchases and dehave arrived in Finland as partial deliveries still have been ber, 1950, (M EU/651) in which you remerked that goods which Reference is made to your letter of the Lath Novem-

The 6 dragline buckets referred to in the second in the next report which will be submitted within few days. price had been paid. This principle will be followed already will discontinue to list the relative goods, as if their full remains unsettled for some reason or other, the Association price has been paid. If, however, only a very small balance continue to be listed in the monthly report until the full cedure to be applied in this connection. The said goods will for Electric Power Projects which suggests the following pro-We therefore have communicated with the Association

yourselves. port) and the other 3 on the 21st April, 1950, as stated by first 3 on the 7th February 1950 (listed in the February Reparagraph of your letter have already arrived in Finland, the

your approval we remain, Hoping that the above arrangement will meet with

SUOMMU PANKKI-FIRLANDS BANK Yours faithfully,

DEC 7 4 ns PM 1950

RECEIVED INTERNATIONAL BANK FOR RECONST. AND DEVEL.

December 1, 1950

Finland Roan

Dear Mr. Hallama:

Attached in triplicate is a letter to the Bank of Finland approving changes in allocations under the \$12.5 million loan. I wish to request you to forward the original to Helsinki.

The draft amendment to the list of goods will be mailed to you within the next few days.

Very truly yours,

70

S. R. Cope Logn Officer

Attachment

Mr. J. Hallama Secretary Legation of Finland 1900 2bth Street N. W. Washington, D. C.

JFajans/m cc: Miss Morsey Mr. Veneyen

December 1, 1950

Finland Roan

Gentlemen:

Thank you for your letter of November 25, 1950, ref. V/J0/ K. 1203/MJ., with which you enclosed a request by the Central Association of Finnish Woodworking Industries for changes in the allocations of Mymin Cy. and Nokis Cy.

I am pleased to inform you that the Bank is prepared to approve the request. Accordingly, the allocation set against item II 2 (vii) f in the breakdown list is being increased by \$150,000 and the balance of category II 12 reduced by the same amount. The formal inclusion of one %/6 cylinder and of a supporting frame for the cylinder in the list of goods will be implemented in Mashington. Nindly note that these items will be defined by symbols II 11 m and II 11 m, since letters k and 1 describe other equipment added to the list of goods on October 18, 1950. Corresponding transfers of funds will be made simultaneously in the breakdown list.

It is assumed that you will adjust your records accordingly.

Very truly yours,

P

S. R. Cope Loan Officer

Success Fankki-Finlands Bank Helsinki, Finland

JFnjans/m cc: Miss Morsey Mr. Verhey@n Cleared with the Treasurer's Department

Form No. 60 (4 - 48)

DECLASSIFIE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT SEP 12 2007 WBG ARCHIVES STAFF LOAN CON-

Date: November 29, 1950

Copy No. 19814 SLC/A/

CONFIDENTIAL

Noan

TO: FILES

A meeting of the Staff Loan Committee will be held at 10:30 a.m.

on Thursday, November 30, 1950 , in Room No. 1005

Michael L. Lejeune Harold Folk

Secretary, Staff Loan Committee

AGENDA

Finland

The Committee will discuss certain points in relation to Finland.

Dis	tribu	ation
1.	Mr.	Eugene Black
2.	Mr.	R. L. Garner
3.	Mr.	W.A.B. Iliff
4.	Mr.	C. A. McLain
5.	Mr.	D. Crena de Iongh
6.	Mr.	L. B. Rist
7.	Mr.	L. B. Rist
8.	Mr.	R. H. Demuth

- Mr. A.S.G. Hoar 9.
- 10. Mr. O. A. Schmidt
- Gen. R. A. Wheeler 11.
- 12. Mr. E. G. Burland
- Mr. HanBobkex M.L. Lejeune 13.
- 14. Files
- Mr. S.R. Cope 15.
- 16.

Helsinki, 25th November, 1950. V/JG/K 203/MJ. Finland Loan



AIR MAIL K. 1203/MJ

International Bank for Reconstruction and Development,

Washington 25, D.C.

Gentlemen, Nov. 24

We have pleasure in enclosing the letter of The Central Association of Finnish Woodworking Industries of the 24th November as well as a translation of the letter of Nokia Aktiebolag of the 22nd November, 1950, concerning the shares of Kymin Osakeyhtiö and Nokia Aktiebolag in the IB-16-FI-II Loan.

We hope that the proposals made in these letters will meet with your favourable attention.

> Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

> > Es J. Jaunial

2 Enclos.

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsingfors, November 24, 1950

Finland hoan

International Bank for Reconstruction and Development Washington

Dear Sirs,

Re: IB-16-TI-II, Woodworking Industries Project

1. <u>Kymin Osakeyhtiö</u> write in their letter of November 16 on Item IB-16-FI-II-2-(vii)-f, Boiler, \$ 600,000.-:

"We request you kindly to inform the International Bank for Reconstruction that the price of Pos.(vii)-f Boiler has risen by approx. \$ 100,000.- owing to the price increases occurring in the USA since the original offer reached us some twelve months ago. Further price increases are possible before the order in question is delivered complete. - We would be grateful if the International Bank would approve of this alteration."

So far, the import licences granted to the Company against this item are as follows:

1.	Combustion	boiler from	Combustion		
	Engineering	Superheater	Inc.	ø	457,000

2. Equipment for boiler from Stadler, Huster & Co.

250,000.-\$ 707,000.-

As Kymi Osakeyhtiö's allocation of the loan totals \$ 2,053,800.-, of which no more than \$ 1,476,028.- is specified in your Breakdown List of June 13, 1950, we suggest that Item 2-(vii)-f be increased to \$ 750,000.-.

2. <u>Nokia Osakeyhtiö</u>, for whom a total of <u>\$ 200,000.-</u> of the loan is reserved, requests in their enclosed letter of Nov.22 your approval for the following purchases:

Item 11-k: M/G cylinder from J.M. Voith G.m.b.H. Maschinenfabrik, Heidenheim, Germany, M to replace the old cylinder with a new and bigger one Price \$ 32,000.-

- T.

page 2 to International Bank for Reconstruction and Development Washington, 24/11/1950

Item 11-1: Supporting frame for the cylinder from the same firm, approx. price . . . § 15,000.-

Total approx. price \$ 47,000.-

Please let us have your approval of the above.

Yours faithfully,

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES 1 6 P a

Encl.: copy of letter.

de .

de.

Translation of an incoming cable from the Ministry for Foreign Affairs of Finland to the Legation of Finland, Washington, D.C.:

Finland Loan

"London informs British Treasury has accepted our proposal about which InterBank has been informed by cable. Investigate once more, perhaps through Garner, is it quite mcessary to get Danish-Belgian acceptances."

Washington, D.C., November 24, 1950.

Translation

NOKIA AKTIEBOLAG Nokia

Nokia, November 22, 1950

HF/LG

Central Association of Finnish Woodworking Industries <u>Helsingfors</u>

Dear Sirs,

Loan from International Bank for Reconstruction and Development

We request permission to use $\frac{2}{32,000.-}$ of our allocation of the above loan for the purchase of a new and bigger M/G cylinder for our Yankee Machine No.2.

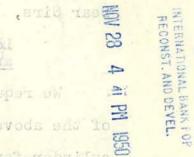
In addition to this purchase, our suppliers, J.M. Voith, are ascertaining at the moment whether it will be necessary to replace the old cylinder supporting frame with a new one. To enable approval of this purchase as well, we can quote an estimated price for the frame, for which no offer is to hand, of <u>US\$ 15,000.-.</u> Hence, the total purchase value amounts to \$ 47,000.-.

> Yours faithfully, NOKIA AKTIEBOLAG G.M. Nordenswan (signed)

upidelaapa.

Nolda, November 22, 1950

Gentral Association of Finnish Noodworking Incustries



REGEIVEN

HE/LG

idan from International Bank for Reconstruction

. We request permission to use <u>2 32,000.-</u> of our allocation of the above loan for the purchase of a new and higger 1/6 cylinder for our Yankee Machine No.2.

In addition to this purchase, our suppliers, J.C. Volth, bit the thermality at the means the first of the main of means to replace the old cylinder supporting frame with a new one. To enable approval of this purchase as well, we can globe an estimated price for the frame, for which no offer is to hand, of USA 15,000.-. Hence, the total purchase value amounts to

> Yours Mithfully, MORIA AKTIBBOLAG G.M. Kordenswan (signed)

Secretary's Archives

Virginia Morsey

Loan No. 16FI -- Amendment of List of Goods

Attached for the Archives is original executed letter dated November 16, 1950, amending the list of goods in respect of loan to Suomen Pankki-Finlands Bank. Will you please furnish photostatic copies of the attachment as 2 - The sheet working file 1 ~ op 7 iles follows:

Treasurer's Dept. (Mr. Cavanaugh) Loan Dept. (Mr. Fajans) Legal Dept. (Miss Morsey)

cc - Mr. Cavanaugh (2) Mr. Fajans Miss Morsey A. Foley C & R

VMorsey:dg 11/20/50

November 20, 1950

1

Finland Loan

Finland Loan

INTERI AL BANK FOR RECONSTRUCTIC DEVELOPMENT

OFFICE MEMORANDUM

To: Loan Dept. - Mr. Caranaugh (2) Loan Dept. - Mr. Fajans Km Legal Dept. - Miss Morsey FROM: Ellen E. Miller, Secretary's Department

DATE: November 22, 1950

Now.16

Mouris 1.

SUBJECT: Loan No. 16 FI

Attached, for your files, is a photostatic copy is an executed letter dated November 16, 1950, from Suomen Pankki Finlands Bank, amending the list of goods.

Attachment

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Finland hoan

OFFICE MEMORANDUM

TO: Mr. W. A. B. Iliff through Mr. A. S. G. Hoar

FROM: S. R. Cope

SUBJECT: \$12.5 Million Loan to the Bank of Finland

Attached for your signature are four copies of an amendment to the list of goods of the above loan.

The changes contained in the amendment have been discussed with, and approved by, the Legal and Treasurer's Departments.

Kindly return the confirmed copies.

- Mu Hallan

JFajans/m Attachment.

November 17, 1950

Finland hoan

Gentlemen:

I wish to acknowledge receipt of your communication of November 13, 1950, Ref. K/1123/Js/SI, to the effect that you are prepared to provide Enso-Chitzeit Oy. with whatever dellars are necessary to pay for such part of cost of the 226" High Speed Pourdrinier Eraft Paper Machine, which is not financed by the Bank, and with whatever additional foreign exchange which may be required to enable Enso-Chitseit Oy. to complete the Kotka Will.

The Bank has taken note of this communication and formal amandment to the list of goods of our loan to yourselves is being excouted in order to include the machine as item b, in category II h (ii) - Notha Mill and to elipinate five motors for refiners (item II h (i) e) and the three Son travelling crane listed at present under category II h (ii). Reallocation of funds in the breakdown list is being implemented simultaneously in accordance with the letter of the Central Association of Finnish Woodworking Industries dated October 23, 1950.

Very truly yours,

D

S. R. Cope Losn Officer

Succen Pankki-Finlands Bank Helsinki, Finland

JFajans/m cc: Messrs. Cope Verheyen Miss Morsey

Cleared with Treasurer's and Legal Departments

November 17, 1950

and home

Gentlemen:

Please refer to my letter of November 7, 1950, regarding Tervakoski Cy.

On the basis of information now received from you through Mr. Hallama, a formal amendment to the list of goods of our loan to yourselves is being executed in order to delete items II 9 (1) a, d and e, and to include one super calander as Item II 9 (1) g. At the same time corresponding changes in the allocation of funds within category II 9 (1) are being made in the breakdown list.

In accordance with my letter dated October 25, 1950, the amendment also covers the inclusion of item II 9 (i) f = 3 wortraps and h propeller agitators.

Very truly yours,

S. R. Cope Loan Officer

Suomen Pankki-Finlands Bank Helsinki, Finland

JFajans/m cc: Messrs. Cope Verheyen Miss Morsey

Cleared with Treasurer's and Legal Departments

November 17, 1950

Finland hoan

Dear Mr. Hallama:

Thank yes for your letters dated November 16, 1950, Ref. Nos. 5372 and 5373. In reply you will find attached three copies each of two letters addressed to the Bank of Finland. Findly transmit the originals to Belsinki.

It is my understanding that the amendment to the list of goods being executed at present, takes into account all changes still outstanding under the \$12.5 million loan to the Bank of Finland.

Yours sincerely,

JO.

S. R. Cope Loan Officer

Mr. J. Hallans Secretary Legation of Finland 1900 21th Street N.W. Washington, D. C.

JFajans/m

cc: Messrs. Cope, Verheyen, Miss Morsey

Finland hoan

No. 5379

November 16, 1950

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

Gentlemen:

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Suomen Pankki-Finlands Bank, we request your agreement to the following mmendments of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950, as amended:

- (1) Amend item 4, Enso-Gutzeit Osakeyhtio (Enso-Gutzeit Co., Ltd.), paragraphs (i) and (ii), to read as follows:
 - (i) Kaukopaa Sulphate Mill
 - a/b) 1 board machine including Fourdrinier section and all ancillary equipment
 - c) 1 Electric power drive
 - d) 2 Refiners
 - f) Condensation and other associated apparatus
 - g) 3 Forklift trucks
 - h) 1 soda boiler and ancillary equipment
 - i) Indoor vertical lift metal-clad switchgear assembly plus escalation
 - j) .Steam and condensation water lines
 - (ii) Kotka Mill
 - b) 1.226" high speed Fourdrinier kraft paper machine
- (2) Amend item 9, Tervakoski Osakeyhtio (Tervakoski Co., Ltd.), paragraph (i), to read as follows:
 - (i) Pulp beating equipment
 - b) 1 Rag and fibre cutter
 - f) 3 Wor-traps and 4 propeller agitatorsg) 1 super calander

In other respects, the list of goods attached to our letter of June 9, 1950, as amended by our letters of September 19, 1950, and October 18, 1950, will remain unchanged.

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

For SUCMEN PANKKI_FINLANDS BANK

Authorized Representative

Confirmed:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ILA h.A

W. A. B. Iliff Loan Director

Mrs. Marvel C. Pollock

November 16, 1950

Finland hoand

J. Fajans

Loan to the Bank of Finland

I attach a letter received today from the Bank of Finland and containing representations regarding provision of funds to finance part of the cost of an equipment item which is not being financed by the Bank. Copies of this letter have been made in my office for inclusion in the Operational File and for the use of the Legal and Treasurer's Departments. I think that the original should be kept on file in the Secretary's Bepartment.

JF/m Attachment

Finland Loan

LEGATION OF FINLAND VEHING AVENUE, N.W. WASHINGTON 8. D. C. NEW ADDRESS 1900 TWENTY-FOURTH STREET, N.W.

No. 5372

November 16, 1950

The International Bank for Reconstruction and Development 1818 H Street, Northwest Washington 25, D.C.

Gentlemen:

With reference to your letter of November 7, 1950, addressed to Suomen Pankki-Finlands Bank, concerning the allocations made for Tervakoski Oy under the 12.5 Million Loan, I have been requested by the Bank of Finland to inform you that the financing of the super calander costing \$26,000.00, which item you have approved to be included in the List of Goods, is proposed to be made by deleting the following items:

> II-9-(i)a - \$10,000 II-9-(i)d - \$6,487 II-9-(i)e - \$6,617

and by reallocating part of the undisbursed balance at present standing against item II-9-(i)b in the breakdown list of goods.

Very truly yours,

Verter Authorized Representative

JH:db

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RECEIVED NTERNATIONAL BANK FOR RECONST. AND DEVEL.

H Street, Northnest inctan 25. D.C.

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105.* a(1)-9-(1) b(1)-9-11 s(1)-9-11 \$ 6.617 \$ 6.617

Finland hoan

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8, D. C. NEW ADDRESS 1900 TWENTY-FOURTH STREET, N.W.

No. 5373

November 16, 1950

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

Gentlemen:

With reference to your letter of October 31, 1950, concerning the inclusion of the high-speed kfaft paper machine from the Beloit Iron Works for Enso-Gutzeit Oy to the List of Goods, I have the pleasure to send you the certificate of Suomen Pankki-Finlands Bank, as per your request in said letter.

Very truly yours,

Jaakko Hallama

Secretary of Legation

JH:db enclosure

40

LEGATION OF FINLAND WASHINGTON 0, 0, C. NEW ADDRESS NEW ADDRESS

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долашрал Те" 1950

Manhington 25. D.C.

Bentlemen:

RECLIVED INTERNATIONAL BANK FOR RECONST. AND DEVEL.

NOV 16 3 12 PM 1950



Jarko Biliano Sedrebury of Levelion

Wary truly yours.

With reference to your letter a concentrative the inclusion of the high machine from the feloit inco Works fo to the Lint of Goods. I have the pla centificate of Success Remid-Finitud request in said letter.

your letter of October 31, 1950. Target the high-speed site to proper the Works for Mano-Cutradit of the Work of ensaging the side which

November 14, 1950

FilEen gen

Letter No. EU/651

Bank of Finland,

Helsinki, Finland.

Spiro:ea

Attention: Mr. Tauriala

Gentlemen:

Further to our letter No. 637 of November 9, 1950, we wish to inform you that we have now had an opportunity of reviewing the October Schedule of Furchases and Deliveries on the Electric Power Projects. We have noted that in several instances goods are listed as having arrived in Finland as partial deliveries of orders. We have further noted that in most instances the full price or the almost full price has already been paid to the manufacturers. We presume that the remaining amounts which remain to be paid and therefore the remaining goods which remain to be received in Finland relate only to small shipments of spare parts. If this is the case, we should suggest that the goods in question be considered as installed or put into operation whenever most of the goods ordered have been installed or put into operation and only relatively small shipments of spares remain to be received.

With regard to the third item on Page 2 of the schedule, namely 6 dragline buckets and spares for excavators, we are not quite certain whether all the buckets were delivered or the three which were to be delivered in April remain to be received. If the latter is the case, in view of the fact that the entire price has been paid to the manufacturers, we should greatly appreciate it if you could elaborate as to the cause of the delay in shipping this equipment.

Very truly yours,

S. Aldewereld

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld FROM: Hugh B. Ripman

DATE:

November 14, 1950

Elic

SUBJECT:

FORM NO. 57 (5-48)

> Finland - Electric Power Projects. October Schedule of Purchases and Deliveries.

Attached to their letter of November 6, 1950, the Bank of Finland sent us the Schedule of Purchases and Deliveries for the period ended October 31, 1950. According to this schedule the only equipment which was fully installed and put into operation during the month of October consisted of three dragline buckets valued at \$6,545.00. However, a number of items are listed as having arrived in Finland during the past eight months as partial deliveries of orders. For instance, six dragline buckets costing \$13,335.00 were promised f.o.b. factory, three in December 1949 and three in April 1950. \$13,334.80 had been paid to manufacturers up to August 19, 1950. Mention is made that some buckets were received in Finland on the 24th of April, 1950 and were installed on the 3rd of May, 1950. It is not clear whether all the buckets were delivered or the three to be delivered in April remain to be delivered. If the latter is the case they are considerably overdue and in view of the fact that the entire price has been paid to the manufacturers (this amount has also been disbursed by the Bank), the Bank of Finland should be asked to elaborate. There are a considerable number of other instances of the same kind involving a total cost of \$616, 321.00 of which \$612,962.00 have been paid to manufacturers. The largest item concerns the Marion excavator costing a grand total of \$472,109.00 of which \$471,614.00 have been paid to the manufacturers. This excavator was received in Finland on the 25th of July, 1950 and is reported as having been installed on the 7th of August, 1950. It would appear likely that the partial delivery classification given to this item is due to the fact that some spare parts remain to be delivered. If this is the case, in view of the very small amount which remains to be paid to manufacturers and therefore might represent the value of the spare parts in question, it is suggested that the Bank of Finland be instructed to show in the future this and similar other items as having been fully installed. The draft of a letter to that effect is attached hereto for consideration. The following table shows the situation of this category:

Amount paid to Manufacturers for equipment installed during the period January to September 30, 1950	\$ 305.735.34 *
Amount paid to Manufacturers for equipment installed during the month of October 1950	\$ 6,545.00
Amount paid to Manufacturers for equipment not yet installed	\$ 943,096.57 SF 127,314.13
Value of orders placed which do not any longer appear in the October schedule	\$ 470,106.60 *
Value of orders placed appearing in October schedule	\$1,600,450.90.

The difference between these two amounts has been paid by the Finns out of their own funds.

1651

BPSpiro:ea

FORM NO. 57 (5-48)	INTERNATIONAS BANK FOR RECONSTRUCTION AND DEVELOPMENT	à
	OFFICE MEMORANDUM	E
TO	Mr. S. Aldewereld . A DATE: November 10	0 10

FROM: Hugh B. Ripman.

Bank of Finland Loan - Limestone Grinding Projects - October Schedule SUBJECT: of Purchases and Deliveries.

> Under cover of their letter of November 4, 1950, the Bank of Finland sent us a cumulative Schedule of Purchases and Deliveries for the Limestone Grinding Projects as at October 31, 1950. This schedule is in the form we have requested and contains all the information we need. The following table is a summary of this schedule:

- Amounts of orders placed for Bank financed projects \$296,517.01 1. which include the dollar equivalent of 13,200 and D.Kr. 867,100.
- 2. Total payments made by the Bank of Finland to manu-\$214,490.36 facturers which include the dollar equivalent of 13,200 and D.Kr. 303,625.
- 3. Value of equipment received in Finland, not yet put \$ 23,496.12 into operation
- \$ 23,926.84. 4. Value of equipment put into operation

As regards promptness of delivery, it would appear that most orders have been received in Finland within a reasonable time after the promised date f.o.b. factory. The only exceptions are two Type R Crushers with motors and spare parts ordered from the Allis Chalmers Manufacturing Company which were promised f.o.b. factory for July 1950, and which have not yet been received in Finland. No dates of promised delivery f.o.b. factory have been given for the orders placed in the U.K. and in Denmark.

No action appears to be required.

piro:ea

November 13, 1950

Feiland Pener

Pohjolan Voima Osakeyhtio Lonnrotinkatu 3 Helsinki, Finland

Gentlemen:

I have read with interest your letter of September 18, 1950 and your memorandum handed to General Wheeler while in Helsinki concerning the power situation in Finland, the construction plan of the Kemijoki river and the Isohaara plant.

On behalf of General Wheeler and myself, I want to thank you for these documents which have added to our understanding of the Finnish power situation.

Sincerely yours,

S. R. Cope Loan Officer

NPaterson:lfb

cc: General Wheeler Mr. Robinson Mr. Foster Files

COPY

Finland Loan

BY AIR MAIL

SUOMEN PANKKI FINLANDS BANK

Helsinki, November 13th, 1950 K/1123/Js/SI

International Bank for Reconstruction and Development, Washington DC.

ack. Nor. 17

Gentlemen,

In consideration of your Bank being prepared to finance partly the purchase by Enso-Gutzeit OY, Helsinki, from the Beloit Iron Works of a machine for the Kotka Paper Mill up to an amount of \$1,487,831.- we hereby declare that we are prepared to provide the Enso-Gutzeit OY, Helsinki, with whatever U.S. dollars which are necessary to pay for such part of cost of the machine which is not financed by your Bank and that we are prepared to provide the Enso-Gutzeit OY, Helsinki, with whatever additional foreign exchange which may be required to enable them to complete the fol malanel .Kotka Paper Mill.

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK (Signed - two signatures)

Mr. R. Brion Mr. N. J. Paterson Finland Loan No. 16 November 8, 1950

Finland Koan

As agreed with you yesterday, I have today informed Mr. Halland with that on the basis of the documents submitted with his letter (No. 5130) to of November 3, 1950, the Bank is ready to receive applications for withdrawal or commitment in respect of the paper machine for Serlachius Oy. (item 2 - (VII) - 4)

NJP/m

the supply were it

November 7, 1950

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Deur Mr. Hallamar

I am enclosing three copies of a letter addressed to the Eank of Finland. I should be grateful if you would forward the original to Helsinki.

I am sorry that it was not possible for us to make the formal change forthwith, but you will appreciate that since we have had no formal request for the deletion of the three items IN-9-(i)a, d, and a, and only concluded that they had to be deleted by a process of deduction, no other course was possible. You might like, perhaps, to suggest to the Bank of Finland that we could not much more quickly if they listed clearly the items to be deleted as well as the new ones to be included.

If, before the formal change in the list of goods is made, you receive the documents and you are in a position to make an application for withdrawal for the calander, you might like to get into touch with me with a view to seeing whether the amount could be paid prior to the formal change in the list of goods.

Yours very truly.

e

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 1900 Twenty-fourth Street, N.W. Washington, D.C.

Encls.

SRG/pak c.c. Mr. Verheyen Miss Morsey

November 7, 1950

tiplant Atan

Gantlemen:

Reference is made to your letter of October 26, 1950, with which you forwarded letters of the Central Association of Finnish Redworking Industries of October 25 and of Tervakoski Cy. of October 16, regarding the purchase in Germany of one super calandor costing 126,000.

It is my understanding that you propose to finance this additional item by deleting the following items from the official list of goods:

II	9	(1)	-	-	110	,000
						,187
						617

and by reallocationg part of the undisbursed balance of \$7,700 at present standing against item II 9 (i) b in the breakdown list of goods.

The Bank has no objection to the inclusion of the super calander in the list of goods and will make the formal change after the receipt from you of a request for the elimination of items II 9 (1) a, d and e from the list of goods.

Very truly yours,

S. R. Cope Loan Officer

Suomen Pankki - Finlands Bank Helsinki, Finland

c.c. Messrs. Cope Verheyen Miss Morsey

JFajans/m

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Joseph Fajans

DATE: November 3, 1950

FROM: M. Verheyen

SUBJECT: Loan IB 16 FI - Excess in Sub-categories amount Reference Mr. N.J. Patterson's memo of June 14, 1950

Confirming our telephone conversation I note you agree to exceed the sub-category amounts in the following cases.

Category III-I-(i) Application #G 112-1-1 for \$10,234.56 exceeds by \$86.48 the amount allocated to that subcategory.

Category III-I-IV

Application #G 112-1-2 for \$8,101.00 exceeds by \$1.00 the amount allocated to that subcategory.

Mr. hule, it is special file, please the

Helsinki, 1st November, 1950. V/KK/K.107 MJ.

AIR MAIL



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

Gentlemen,

Electric Power Projects.

With reference to your letter of the 24th October, 1950 (Nº EU/588) we are pleased to submit you the following information on the points mentioned by you:

> 1) Order from the Northwest Engineering Co. amounting to \$1.642.70 for spare parts for Excavator engines: The spare parts concerned have been delivered to Pyhäkoski Power Plant and installed on the 20th February, 1950, as shown in the monthly report for Electric Power Projects for the month of February 1950.

2) Order from the Caterpillar Tractor Co. amounting to \$12.850.- for two engines for tractors: The engines have been delivered to Jylhämäki Power Plant and put in operation on the 28th March, 1950, as shown in the relative monthly report for the month of March 1950.

Trusting that you will find these items in order we remain,

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

T. Taunah Of

: Taarderaine

Seen by fr. aldewereld

Helsinki, st November, 1950. V/RK/R.107

AIR MAIL



International Bank for Reconstruction and Development,

Washington 25, D.C.

Gentlemen,

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RECONST. AND DEVEL

Electric Power Projects.

With reference to your letter of the 24th October, 2950 (WEU/588) we are pleased to submit you the following information on the points mentioned by you:

1) Order from the Northwest Engineering Co. amounting to \$1.642.70 for spare parts for Excavator engines: The spare parts concerned have been delivered to Pyhäkoski Power Plant and installed on the 20th February, 1950, as shown in the monthly report for Electric Fower Projects for the month of February

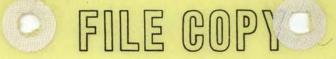
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Trusting that you will find these items in order

we remain,

blessevelde . A und west

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK



October 31, 1950.

ack nov. 16

Julland hoa

Dear Mr. Hallama:

This is to confirm our telephone conversation of this afternoon in the course of which I transmitted to you the text of a cable to be dispatched to the Bank of Finland.

The cable read as follows: on Timber des

Your letter October 26 reference Beloit Kraftpaper machine for Enso-Gutzeit. Interbank would agree to finance fourteen hundred eighty-seven thousand eight hundred thirty-one dollars on condition Bank of Finland writes Interbank stating firstly Bank of Finland will provide Enso-Gutzeit with whatever dollars are necessary to pay for such part of cost of machine which is not financed by Interbank. Secondly Bank of Finland will provide Enso-Gutzeit with whatever additional foreign exchange may be required to enable them to complete the Kotka paper mill (see Interbank's letter of October 6).

Very truly yours,

H.

J. Fajans Assistant Loan Officer.

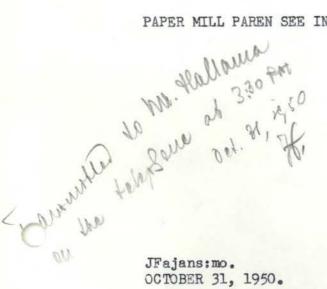
Mr. J. Hallama Secretary Legation of Finland 1900 - 24th Street N.W. WASHINGTON, D.C.

JFajans/mo. co: Messrs. Cope,Verheyen, Miss Morsey.

Oct. 31

CABLE TO BANK OF FINLAND:

I relained by Mr. Paterson about Dimber also YOUR LETTER OCTOBER TWENTY-SIX REFERENCE BELOIT KRAFTPAPER MACHINE FOR ENSO-GUTZEIT STOP INTERBANK WOULD AGREE TO FINANCE FOURTEEN HUNDRED EIGHTY-SEVEN THOUSAND EIGHT HUNDRED THIRTY-ONE DOLLARS ON CONDITION BANK OF FINLAND WRITES INTERBANK STATING FIRST BANK OF FINLAND WILL PROVIDE ENSO-GUTZEIT WITH WHATEVER DOLLARS ARE NECESSARY TO PAY FOR SUCH PART OF COST OF MACHINE WHICH IS NOT FINANCED BY INTERBANK STOP SECONDLY BANK OF FINLAND WILL PROVIDE ENSO-GUTZEIT WITH WHATEVER ADDITIONAL FOREIGN EXCHANGE MAY BE REQUIRED TO ENABLE THEM TO COMPLETE THE KOTKA PAPER MILL PAREN SEE INTERBANK'S LETTER OF OCTOBER SIX PAREN STOP.



JFajans:mo. OCTOBER 31, 1950.

FORM NO. 58 (5-48)

INTERNAT AL BANK FOR RECONSTRUCTION D DEVELOPMENT

OFFICE MEMORANDUM

FROM: Ellen E. Miller, Secretary's Dept.

DATE: Oct. 31, 1950

SUBJECT: Loan No. 16F1

Attached for your files is a photostatic copy of a letter dated October 18, 1950, emending the list of goods in respect of the loan between the Bank and Suomen Pankki-Finlands Bank.

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

DATE: October 30, 1950

TO: Mr. N.J. Paterson and Mr. Fajans FROM: M. Verheyenly SUBJECT: Loan IB 16 FI Excess in sub-categories amount Re: Your memo of June 14, 1950

FORM NO. 57 (5-48)

Confirming our telephone conversation I note that you agree to exceed the sub-category amount in the following case.

Cat. II-ll-g Application G 52-l-l increased by \$516.00 exceeds by \$792.00 the amount allocated to that sub-category

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Henry W. Riley

Hugh B. Ripman

FROM:

DATE: October 26, 1950

Farend Start

SUBJECT:

ECT: Bank of Finland Loan - Woodworking Industries - Schedule of Purchases & Deliveries for the Period ended September 30, 1950

With their letter of October 20, 1950, the Bank of Finland has sent us a cumulative Schedule of Purchases and Deliveries for the Woodworking Industries projects as at September 30, 1950. This schedule does not include the projects which have been previously reported as fully completed.

The situation as shown by the schedule under review is as follows:

Orders have been placed by the Central Association of Finnish Woodworking Industries in the following countries:

Germany (in U.S. dollars) Sweden (in Swedish kroners) Canada (in U.S. dollars) Switzerland (in Swiss Francs) England (in sterling) Austria (in U.S. dollars) United States	\$1,722,080) 12,499) 123,256) 82,957) 16,217) 49,136) 4,179,258)	Includes projects already completed.
--	---	---

Total

\$6,185,403

These orders represent:

	Price (Amount of Import License)	Amount Paid to Manufacturers
New orders placed during September 1950	\$1,748,826	\$ 773,784
Previous orders which have either not yet been delivered or only partially delivered	4,138,251	2,747,437
Orders delivered and installed prior to September 1950 Orders delivered and installed during	254,210	245,948
September 1950	44,116	44,116
	\$6,185,403	\$3,811,285

Disbursements made by the Bank as at September 30, 1950 - \$2,064,590.

Among the orders placed during September one is for a High Speed Fourdrinier Kraft Paper Machine for Enso-Gutzeit Oy (Item No. 4-(ii)-b). It is understood that the financing of this machine which is priced at \$1,483,341 out of loan funds has not yet been officially approved by the Bank as the unallocated amount remaining in this category is not sufficient and the Finnish authorities have not yet indicated what items of the List of Goods are to be deleted to make up the difference. Mention is made in the Schedule of Purchases and Deliveries that \$750,000 have already been paid to the Beloit Iron Works, Beloit, Wisconsin, manufacturers of this machine, and application for withdrawal of this amount has been received by the Disbursement Section.

As regards deliveries, the only instance of a serious delay concerns a tractor with dozer shovel (Item 11 (g) for \$6,700) which was promised f.o.b. factory for May 1950, and which will not be delivered until November/December 1950. As the amount involved is small no action is suggested.

In my memorandum of September 26, 1950, I indicated that Item No. 2(iii) which had been promised for delivery in January 1950 had not yet been received in Finland. The Schedule of Purchases and Deliveries under review shows that the delivery date was erroneously shown as January 1950 and should have been January 1951.

Considerable quantities of equipment valued at \$1,435,839 have been received in Finland during the summer months but have not yet been fully installed or put into operation. It may be remembered that in their report dated September 12, 1950 the Kymi Company indicated that completion of several of their projects had been delayed by the mechanics' strike. It is, therefore, suggested that no action be taken at the present time concerning possible delays in installation but that the situation be watched very closely during the remaining months of the year.

No action appears to be required.

BPSpiro: ea

October 26, 1950

Finland Loan

Secretary's Archives Virginia Morsey Loan No. 16Fi

The list of goods in respect of the loan between the Bank and Suomen Pankki-Finlands Bank, has been amended by letter dated October 18, 1950, the original of which is attached. Will you please distribute photostatic copies of the attachment as follows:

> Legal Dept. (Miss Foley)..... 1 Treasurer's Dept. (Mr. Cavanaugh).. 2 Loan Dept. (Mr. Fajans)..... 1

Attachment

Mr. Cavanaugh Mr. Fajans cc - A. Folef c & R

VMorsey:dg 10/26/50 Helsini, 26th October, 1950. V/JG/K. 1045/MJ. J Jinland Roan X Tunker, hu



AIR MAIL

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

Gentlemen,

We are pleased to enclose three letters of the Central Association of Finnish Woodworking Industries of the 23rd and 25th October, 1950, with enclosures concerning purchase applications of A. Ahlström Osakeyhtiö, Tervakoski Osakeyhtiö and Enso-Gutzeit Osakeyhtiö under the loans IB-16-FI-II and IB-21-FI-2.

We trust you will take these matters into favourable consideration and remain,

Mulhay

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

Trackelance

Enclos.

DISPATCHED INTERNATIONAL BANK FOR RECONST. AND DEVEL.

Halsin, 26th October, 1950.

OCT 30 11 53 AM 1950

International Sank for Reconstruction and Development, Washington 25, D.C.

Gentlemen,

Enclos.

We are pleased to enclose three letters of the Central Association of Finnish Woodworking Industries of the 23rd and 25th October, 1950, with enclosures concerning purchase applications of A. Ahlström Osakeyhtid. Tervakoski Osakeyhtiö and Enso-Gutzeit Osakeyhtiö under the loans IB-16-FI-II and TB-21-FI-2.

We trust you will take these matters into favourable consideration and remain,

Yours faithfully, SUDNEN PANERI-FINLANDS BANK

October 24, 1950

fifele Power ?

Letter No. EU/588

Bank of Finland,

Helsinki, Finland.

Attention: Mr. Tauriala

Gentlemen:

We wish to acknowledge receipt with thanks of your letter of October 13, 1950, to which you attached the Schedule of Purchases and Deliveries for the Electric Power Projects for the period ended September 30, 1950. We have now had an opportunity of studying this schedule and have found it to answer our requirements. There are, however, two small questions on which we should like to receive further information in order to enable us to complete our records. These questions relate to Items No. 28 and 30 of the January Schedule of Furchases and Deliveries, the first one concerning an order from the Northwest Engineering Company amounting to \$1,642.70 for spare parts for excavator engines, and the second one from the Caterpillar Tractor Company amounting to \$12,850.00 for two engines for tractors. We would appreciate it if you could let us know whether this equipment has been received in Finland.

Very truly yours,

S. Aldewereld

10002

FORM No. 57

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. N.J. Patterson FROM: M. Verheyen DATE: October 24, 1950

SUBJECT: IB 16 FI - Excess in sub-categories amounts Reference: Your memo dated June 14, 1950

Confirming our telephone conversation, I note that you agree

- To exceed the sub-category I-3-a by \$1,246.20 corresponding to an increase of application for commitment #1-1-1.
- (2) To make a disbursement of \$6,022.50 representing a down payment of 25% of a contract of \$24,090.00 when subcategory 11-2(IX)a is only for \$20,000.00.

Value of Orders Placed

Amount paid to manufacturers for equipment installed as shown in Schedules of Purchases and Deliveries from January to August 1950 inclusive.

Amount paid to manufacturers for equipment installed as shown in Schedule of Purchases and Deliveries for month of September 1950 Amount paid to manufacturers for equipment not yet installed shown in the September Schedule of Purchases and Deliveries

Value of orders placed which do not any longer appear in the September Schedule Value of orders placed appearing in September Schedule

For a grand total of

\$1,932,522.90

\$ 225,021.16 \$ <u>131,664.18</u> 356,685,34

8 897,125.46 SF 126,881.13 8 389,392.42

\$1.547.130.48

\$1,932,522.90

Of the \$1,543,130.48 worth of equipment listed in the September Schedule, project is \$1,141,819.28 is to be financed out of the proceeds of the lean. runhad on

Of the \$1.932.522.90 worth of orders placed, \$1.615.000 are to be financed out of the proceeds of the loan.

difference this tate and total of C is due to the fact that C includes full as previous schedules included anly Bank payments.

Comeans That the ale, project is marked completed withe mester chart from information in Schedules of Peres - + Del.

FORM NO. 57 (5-48)	INTERNATIONAL BANK FOR RECONS	TRUCTION AND DEVELOPMENT	
	OFFICE MEMO	DRANDUM	
то:	Mr. S. Aldewereld	DATE: October 23, 1950	
FROM:	Hugh B. Ripman		
SUBJECT:	Finland - Electric Power Projects - September Schedule of Purchases and Deliveries.		

Attached to their letter of October 13, 1950, the Bank of Finland sent us the Schedule of Purchases and Deliveries for the period ended September 30, 1950. This schedule has been prepared in the cumulative form requested by the Bank. However, all items which had been fully installed prior to September and which had been shown in previous schedules have now been omitted. Nevertheless, it has been possible to obtain a complete delivery statement by checking the previous schedules with the present one.

An analysis of this schedule in conjunction with the schedules previously received show that the situation of this category is as follows:

	August 31, 1950	September 30, 1950
> Value of orders placedt	\$1,791,332.53	\$2,027,108.79
2. Disbursements made by the Bank	963, 502.00	1,174,198.00
3. Amount paid to manufacturers for		/
equipment installed	897, 336.92	980,166.86
		SF. 11,895.65
4. Paid to manufacturers for equipment	which	351,288,66
has not yet been delivered	Not Available	SF.126,881.13
	/ /	

* The Bank does not by all instances finance the entire cost of the equipment ordered.

In one instance, namely the three-phase synchronised condenser for the Petäjävesi sub-station of the Imatra Power Company, Limited, the last mention of this project appeared in the July Schedule of Purchases and Deliveries at which time it was stated that installation had begun. The present schedule does not list this project any more and, therefore, we do not know whether erection has been completed. In the specific progress report on this project which we received early in August, mention was made that the three-phase synchronised condenser should be fully installed before the end of August 1950. A further report should be received as at November 1 on this project. If it is not received the Bank of Finland should be asked for further information.

No action appears to be required.

BPSpiro:ea

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories. Repty by calle strangs

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

October, 23, 1950

International Bank for Reconstruction and Development WASHINGTON

Dear Sirs,

Re: IB-16-Fi-II, Woodworking Industries Project

We are in receipt of your letter of October 6 addressed to Suomen Pankki in which you state that Enso-Gutzeit Osakeyhtiö's application for the inclusion in the list of goods of one 226" High Speed Fourdrinier Kraft Paper Machine is accepted. As to our proposal regarding the financing of this purchase we want to mention the following:

You can see from the copy of the letter dated September 2nd from Beloit Export Corporation's European Branch, that the total price of this machine including all necessary spare parts is \$ 1.980.500.-.

In our letter of September 12 we gave the balance of Enso-Gutzeit's earlier reservations as \$ 184.531.-. However, this figure should be \$ 189.021.-, the breakdown of the different items being as follows:

Item	\$ reservation	g used	surplus or deficit
4-(i)-a/b	714,560	713,103	+ 1.457 1456.74
-c	200,000	183,905	+ 16.085 16-95.65
-d -e	61,000	61,000	+ 14,666
-6 -f	24,000	24,037	- 37 [
-g	13,050	13,050	-
-h	700,900	591,823	+ 109.077 !
-i	81,900 30,000	78,000 17,644	+ 3.900 + 12,356 12376161
-j 4-(ii)	21,000	1/90770-	+ 21,000 /
4-(iv)	13,280	9.899	+ 3.381 15 80.81
4-(v)	3,661	3,001	+ 660 659.81
4-(vi)	23,216	16,750	+ 6,466
			\$ 189.021

As mentioned in our letter of September 12 we have reserved for Enso-Gutzeit for the paper machine purchase \$ 1,298,810.- from

page 2/

1298810 18902 442 663

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tinle & Loan

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellutose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

page 2

the balance remaining in the name of the Central Association of Finnish Woodworking Industries. That means that a balance of \$\$492,669.- will still be left. Your proposal is now to take that amount from the allocation for the Central Association. Such a balance does, however, not any more exist. We enclose a list showing the breakdown of the total loan amount of \$10,450,000.distributed among our different companies. We admit that the loan amount of some companies is not yet specified to you, but we do not want to use these amounts for Enso-Gutzeit as they are allocated to special purposes. All the companies in question have besides asked us still to keep those sums for them, as only technical investigations, discussions with deliverers and similar circumstances have delayed the final placing of the orders. They all, however, have the intention of carrying out their plans. If, however, some amounts are cancelled we will reserve those for the Enso-Gutzeit paper machine. Should cancellations not give the necessary amount, Enso-Gutzeit intends to pay the dollar deficit with increased earnings from the production of the Kaukopää new cardboard machine, partly financed by you.

We hope to receive your approval for the above.

Yours faithfully,

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Cleanty

Encl.

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, October 25, 1950.

International Bank for Reconstruction and Development,

Washington.

Dear Sirs.

Re: IB-X6-FI-II, Woodworking Industries Project.

We enclose <u>Tervakoski Osakeyhtiö's</u> application of October 13th regarding a purchase of 1 Super Calander from Joseph Eck Maschinenwerke, Germany.

With this application and providing you accept Tervakoski Osakeyhtiö's application of September 25, 1950 (3 Vor-Traps, 4 Propeller Agitators, \$ 8,383.-), which Mr. Hallama of the Finnish Legation will have submitted to you for reconsideration, Tervakoski's share of the loan would be as follows:

⁾ Item		Description	ø
9-(i)-b	1 – R	ag & fibre cutter	7,300
9-(i)-f	3 - 7	or-Traps, 4 - Propeller Agitators	8,383
9-(i)-g	1 - 5	uper Calander	26,000
9-(ii)-a	3 - L	ift trucks	10,955 1
9-(ii)-b	1 - ₩	agnermobile Duoway scoop	9,166 🗸
9-(1v)	1 - S	uction roll	11,000 1
9-(v)		recision slitting and roll winding machines	18,282 /
9-(vi)		ardboar core rolling and gumming achine	4,231 /
	Unspe	cified	4,683

100,000.-

Finland hoan

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Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, 'Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Page 2.

We hope that you will see your way to accepting the specification of Tervakoski's share of the loan as it stands.

lee Kymuune's letter of October 13 to Suomen Pankki regarding Kymin Osa-kontentied keyhtiö's request to include within the loan a steam turbine, marked II-2-(vii)-h. we enclose the 3 matter, dated October 20. We understand that the Bank, before arriving at a decision regarding this request, would like to be assured that the delivery date for the steam turbine will not fall later than the closing date of the loan. We can assure you that the Company will take this into consideration in discussing the matter with the suppliers.

> Yours faithfully THE CENTRAL ASSOCIATION OF OF FINNISH HOODWORKING INDUSTRIES 6

der last for

Members of this Association are "The Finnish Smeath Owners" Association, Finnish 3X20.000. Rentsh Woodgalp Union, The Finnish Paper Wills' Association, Terrahashi Osabophili, Finnish Board Wills Association, The Finnish Paper and Board Converters' Association, Profibricated House Exports of Association Association of Fundab Plymood Industry, The Fundah Spoolmakers' Association, OCT 30 11 53 AM 1950 ton Landline deland the how

HELSINKI I, Ald souterislatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Page 2.

rappoir lostion or Tervaloaki's share of the loun as it stands.

lydin Deekuyhtiöt Meferring to the last paragraphe of your Parter of October 15 to Swamen Pankli regarding Kynin Can-Reylitio's request to include within the loan a steau turbine, margad II-2-(Vii)-h, we onclose the Jonganya letter on the matter, dated October 20. We understand that the Bank, before arriving at a undision regarding this request, would like to not fail later than the closing date of the lown. Se can acture you that the Jonginy will take this into consideration in discussion the matter with the suppliers.

October 25, 1950

Henland Loan

Dear Mr. Hallama:

I am enclosing three copies of a letter addressed to the Bank of Finland. I should be grateful if you would forward the original to Helsinki.

3

Very truly yours,

R

S.R. Cope Loan Officer

Mr. J. Hallama Secretary Legation of Finland 1900 Twenty-fourth Street, N.W. Washington, B.C.

JFajans : jml

October 25, 1950

deal her

Gentlemen:

In view of the situation as explained by Mr. Hallama and the smallness of the amount involved, the Bank is prepared to include in the List of Goods the items requested by Tervakoski Oy. in their letter of September 21, 1950. I must, however, state that the acceptance in this instance of items, which will not clearly result in the renewal or modernization of plant or extension of capacity, should not be considered as a precedent, and I should be grateful if, in future, you would confine requests for new items so as to conform strictly to the general purposes of the loan, as set out in the Loan Agreement dated August 1, 1919.

It is proposed to institute, at the time of the next formal amendment to the list of Goods, an additional item II 9 (1) f = "wor-traps and propeller agitators" under the category "pulp beating equipment", and to transfer simultaneously to this item, in the breakdown list of goods, the amount of \$3,333 deducted from the present allocation of \$15,000 for item II 9 (1) e = "pulp cleaners". Ferhaps you would be good enough to make a corresponding transfer in your breakdown list when, in due course, the formal amendment to the list of Goods is made.

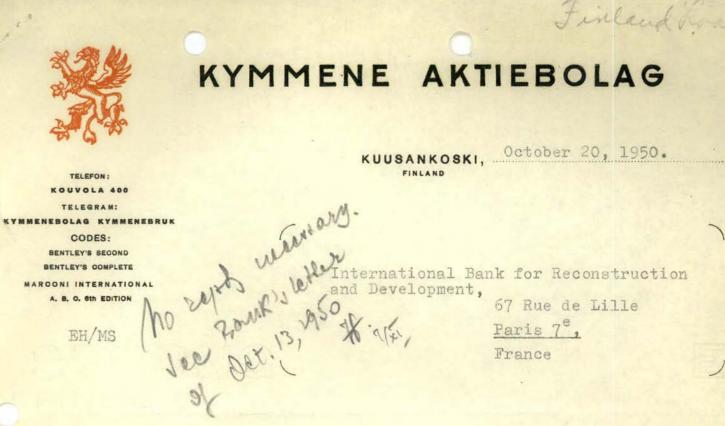
Very truly yours,

S.R. Cope Loan Officer

Suomen Fankki - Finlands Bank Helsinki, Finland

c:c: Messrs. Cope Street Miss Morsey

JFajans: jml



Dear Sirs.

EH/MS

We refer to our letter of the 12th September, item vii, h .- New Turbine for Woikka Power Plant. Through the Bank of Finland we have learnt that you would like to have further information about the above position.

We have against order No. 49550, dated 6 Oct.1950, ordered from Combustion Engineering-Superheater, Inc., a new boiler with a pressure of 64 kg/cm² to be installed in the Woikka steam power plant for power generating. Considering the high pressure and temperatures the boiler has to be constructed for, we cannot tell which firm in the world could construct the most effective turbine, and therefore we cannot so far state the name and country of the supplier. Before this information can be given we have to discuss the matter with Combustion Engineering and the Consulting Engineers Stadler & Hurter, with whom we co-operate. Inquiries about the turbine have been sent out and as soon as we have received offers we shall inform you the name and country of the possible supplier.

After this question has been settled we will start negotiations about delivery of a new boiler which will work in combination with the boiler previously ordered as well as with the new turbine.

KYMMENE AKTIEBOLAG

FINLAND

TIO

SANKOSKI, October 20, 1950.

N:0 2.

International Bank for Reconstruction and Development, Paris

> We wish to point out that the new turbine is of rather a complicated construction and especially constructed for our working conditions. We ask you therefore to wait for a few months longer until we can send you our definite Jee our st. 13 credit application for this item.

Yours very truly,

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KYMMENE AKTIEBOLAG

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the or exclation to wild an all the still your thinks the state of white credit and interest and the first.

Re: IB-16-FI-II loan allocations a	s at October 20, 199	<u>50</u>
United Paper Mills Ltd.	\$ 2,200,000	× .
Kymin Oy.	2,053,800	1.353.028
Enso-Gutzeit Oy.	3,200,043	1.901.233
G.A. Serlachius Oy.	2,175,783	1.924 36 9
Rauma-Raahe Oy.	280,158	230.157.22
Tervakoski Oy.	100,000	81.121
Häme Faneritehdas Oy.	52, 516	52.516
Nokia Cy.	200,000	155,000
Tampella	9,700	
Finlands Metallduksväveri Ab.	58,000	V
Oulu Oy.	120,000	V
	\$ 10,450,000	

à

Finland Loan

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Helsinki, October 20, 1950.

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1950	ons as at October 20.	Re: IB-16-SI-II losn allogabl
	a.200,000	United Paper Mills Ltd.
1	2,053,800	Kyaiin Oy.
-	3,200,003	Enso-Gusselt Cy.
	2,175,703	D.A. Serleobius Cy.
1	280,150	Ekuaa-haane oy.
	100,000	Tervekoski Oy.
	92,516	Hime Exactiondas Dy.
	200,000	Nokia Cy.
	9,200	Tampella
	58,000	Finlanda Metallikavävert Ab.
	120,000	Oulu Oy.
1111	\$ 10,450,000	

THE CENTRAL ASSOCIATION OF FIRMING INDUSTRIES

Helminki, October 20, 1950.

FORM NO. 57 (5-48) INTERNAT IAL BANK FOR RECONSTRUCTION D DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. R.L. Garner through Mr. A.S.C. Hoar

DATE: October 18, 1950

FROM: S.R. Cope

SUBJECT: Loan to the Bank of Finland

Attached for your signature are four copies of a letter amending section II of the list of goods to be purchased under our loan to the Bank of Finland.

The letter was originally drafted by the Legal Department and the amendments have the approval of the Departments concerned.

Kindly return the attachments to me. Three copper sent Det 24th, Three copper ou Det 24th, Three copper and ou Det 24th, As Hallawa Lagal, H. He fouris to Lagal.

JFajans: jml

October 18, 1950

Finland Loan

Dear Mr. Hallama:

I am enclosing three copies of a letter addressed to the Bank of Finland. I should be grateful if you would forward the original to Helsinki.

r tatt

Very truly yours,

P

S.R. Cope Loan Officer

Mr. J. Hallama Secretary Legation of Finland 1900 24th Street, N.W. WASHINGTON, D.C.

JFajans: jml

October 18, 1950

Finland Loan

Gentlemen:

I acknowledge your letter of October 12, 1950 (Mef. V/J0/K. 1003/MJ) requesting permission for some changes in the goods to be obtained by G.A. Serlachius Co. under the \$12.5 million loan to yourselves.

The Bank is agreeable to the requested changes and has accordingly altered its records as follows:

Items eliminated

Category II.7 (iv)

1	Natosleeve flow	meter for slush	pulp	\$2,265
1	Yale KM 30-EM e	lectric forklift	truck,	
	complete with 2	forks		7,482
1.000	tamek			2.592

Category II 7 (vi)

500	٧	capacitors	540	kvar,	ASEA	\$4,430
		capacitors				4,430

Items added

Category II 7 (iv)

1	pulpmast	ter No.	. 2				87,740
2	lots of	spare	blades	for	waste	paper	1.17
	cutters	100					463

Category II 7 (vi)

h three-phase automatic switches \$2,672

Amount increased

Category II 7 (iv)

Allocation for 1 Mates moulder C.99 increased by \$2,12.66 to \$17,542.66

It is assumed that you will adjust your records accordingly.

· Very truly yours,

S.R. Cope Ioan Officer

Suomen Pankki - Finlands Bank Helsinki, Finland

× + c:c: Messrs. Cope Street Miss Morsey

> JFajans:jml Cleared with Treasurer's Dept.

- 2 -

FORM No. 57 (5.48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

Fi/W. 20/ the

TO: Mr. S. Aldewereld

DATE: October 18, 2950

FROM: Hugh B. Ripman

SUBJECT:

Finland - Woodworking Industries - Progress Reports on Projects.

Under cover of their letter of October 14, 1950, the Bank of Finland sent us a letter from the Central Association of Finnish Woodworking Industries and a progress report dated October 9, 1950, on the Kaukopää Mill of the Enso-Gutzeit O.Y.

In their letter the Central Association of Finnish Woodworking Industries indicate that the reports for the Myllykoski and Walkiakoski mills of the United Paper Mills, Ltd., the Fourdrinier Paper Mill of G.A. Serlachius O.Y., and the Sulphate Soda Recovery Unit of Raume-Raahe, O.Y., will be sent to us as soon as possible.

As mentioned in my memorandum on October 17, 1950, the first report we received on the Kaukopää Mill of Enso-Gutzeit O.Y. stated that this mill was scheduled for completion by September 1950. The present report indicates that the building work is nearly completed and needs only minor finishing work. The erection of the machinery went according to schedule until the end of August at which time it had to be stopped because of the mechanics' general strike in Finland. No further work has been carried out on the erection of this machinery since the beginning of September. It is estimated that one month will be necessary to complete the work once the strike is settled.

In view of the above, it is suggested that the recommended action of my memorandum of October 17, 1950, namely that a cable be sent to the Bank of Finland asking for progress reports as at November 1 on five of the six projects, be discarded for the time being.

In view of the fact that the Kaukopää Mill is the fourth instance of a Bank financed project being delayed by the recent strikes (the three first ones were the Kymmene Mechanical Pulp Mill, the Kymmene Paper Mill and the Woikka Paper Mill referred to in my memorandum of October 17, 1950), it is suggested that this matter be mentioned in the yellow bulletin. The Loan Department has already been informed of the above facts.

YUS not

BPSpiro; ea

LEGATION OF FINLAND

WASHINGTON 8, D. C. NEW ADDRESS 1900 TWENTY-FOURTH STREET. N. W.

№ 4920

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

Gentlemen:

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Suomen Pankki-Finlands bank, we request your agreement to the following amendments of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950

1) Amend item 2 (ii) to read as follows:

- (ii) Kymmene Mechanical Pulp Mill
 - a) 1 Grinder
 - b). Grinder motors
 - d) 1 Transformer
 - g) 1 Screw press
 - i) Heat exchanger
 - j) Crane and miscellaneous eqpt.
 - k) 1 Zenith screw press

2) Amend item 2 (viii) to read as follows:

(viii)	Woikks	Paper	Mi11	an d	Mec	hani	cal	Pulp	Mi11
ð:	a/b)	Crane	with g	rab	and	con	crete	mixe	r and
		misc. Refiner							
	d)	1 Baue	r refi	ner	300	HP			
	e)	2 Zeni	th scr	ew p	ress	es	and a	spare	parts

October 18, 1950

- 3) Amend item 11 to read as follows:
 - 11. Nokia Osakeyhtio (Nokia Co. Ltd.)
 - d) 1 Lathe
 - g) 1 Tractor with dozer shovel and dozer blade
 - h) 1 Suction press roll for paper machine V
 - i) Extra mantel for above
 - j) One suction press roll for paper machine IV
 - k) Paper rewinding machine
 - 1) Sheets of stainless steel 10, ---

In other respects, the list of goods attached to our letter of June 9, 1950, as amended by our letter of September 19, 1950, will remain unchanged.

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

Very truly yours,

allo dallana Authorized Representative

Suomen Pankki-Finlands Bank

Confirmeds

International Bank for Reconstruction and Development

Bv

R.L. Garner Vice President

2.

INTERNATION BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

FROM: Hugh B. Ripman

FORM

5. .01

57

DATE: October 17, 1950

SUBJECT: Finland - Woodworking Industries - Progress Reports on Projects.

The Bank of Finland has been asked to provide us at quarterly intervals as at the first of August, November, February and May with progress reports on the six largest projects of the Woodworking Industries Category. To date, we have received the following reports:

- Enso-Gutzeit Company (4(i) Kaukopää Sulphate Mill) Report dated May 10, 1950, indicating expected completion of the project by September 1950.
- Kymin Company (2(vii) Woikka Power Plant) first report dated June 27, 1950, second report dated September 12, 1950.

No reports have been received on the four other projects in spite of several reminders*, the latest one having been sent on September 29, 1950. No acknowledgments of these follow-ups have ever been received other than that of the first letter which was dated August 24, 1949. These four projects are:

- United Paper Mills, Ltd. (l(i) Myllykoski Board Mill) \$1,600,000. No disbursements yet.
- United Paper Mills, Ltd. (l(ii) Walkiakoski Sulphate Mill) \$600,000. No disbursements yet.
- 5. G.A. Serlachius Ltd. (7(iv) Fourdrinier Paper Machine)-\$1,339,186.
- Raume-Raahe, Ltd. (8(iii) Sulphate Soda Recovery Unit) \$576,000. No disbursements yet.

Mr. Paterson of the Loan Department has informed us that he was told during his recent visit to Finland that the delays in ordering the equipment for the Myllykoski and Walkiakoski mills of the United Paper Mills were due to a division in the opinion of the stockholders of this company. Mr. Paterson was told, however, that agreement had apparently been reached and that the managers of the Walkiakoski and Myllykoski mills had been given green lights to place orders within the very near future.

loastro

It must be noted that the information which Mr. Paterson obtained during his recent visit is exactly the kind of information we wish to see included in progress reports. As it appears that no satisfaction can be obtained by an exchange of correspondence, it is suggested that a cable be sent to the Bank of Finland asking for progress reports as of November 1 on Projects 1 and 3 to 6, as it may be anticipated that the Kymin Company will continue to send us reports similar to the two we have already received.

The original request was made on August 24, 1949, followed up on January 5, March 22, April 18, June 15, and July 27, 1950. It may be noted here that information has been received on the three Electric Power Projects on which we had requested progress reports.

As regards the second report we received on the Woikka Power Plant, the situation is as follows:

Negotiations with manufacturers of a boiler for the new steam generator were nearly completed by mid-September and it was expected that the order could be placed before the end of that month. Delivery should take place in the fall of 1951 and erection should be completed early in 1952.

Consideration is being given to the purchase of a new back pressure turbine to provide an additional 7 to 10,000 kW back pressure steam power. The price of the new turbine is estimated at \$400,000 but tenders have not yet been received. Tenders have been received from Swedish manufacturers but not yet from the American manufacturers for the transformer. It was hoped in September that the order could be placed either in Sweden or in the United States before the end of September.

The following items which were also incorporated in the reports received from Kymin Company appear to be of interest:

Kymmene Mechanical Pulp Mill. Work started on rebuilding this mill on July 16, 1950, and was proceeding according to schedule until the strike began. The grinder motor which was to have been delivered in March 1951 will not be shipped until December of that year. (\$168,586 loan funds allocated to this mill).

<u>Kymmene Paper Mill</u>. An automatic fork lift truck and 3 electric lead trucks were received just before the strike began and as the accumulator charging equipment could not be installed, they are not in operation yet. Further, in view of considerable increases in cost of rebuilding suction presses, etc. for PM V, this project has been abandoned. (\$230,269 loan funds allocated to this mill of which \$40,000 for PMV).

<u>Woikka Paper Mill</u>. The Ross Grewin Ventilation System which was received during July was installed with the exception of some of the small duct work. It was anticipated that this work could be finished gradually during weekends. Unfortunately an overtime and Sunday-work strike went on for four weeks and the metal strike, which was on at the time this report was written (September 12, 1950), kept this system from completion. It is hoped that when the strike is settled, the work can be finished within two months. (\$183,953 loan funds allocated to this mill).

The report goes on into a summary of ECONO's investigation of the power supply in Finland with particular regard to the supply of power to the various mills of the Kymin Company.

RECOMMENDED ACTION.

It is suggested that a cable be sent to the Bank of Finland asking for progress reports as at November 1 on five of the six projects on which no or no recent information has been received.

BPSpiro: ea

LEGATION OF FINLAND

2144 WYOMING AVENUE, N.W.

WASHINGTON 8, D. C. NEW ADDRESS 1900 TWENTY-FOURTH STREET, N. W.

No. 4853

October 17, 1950

Fular hus

Mr. S. R. Cope Loan Division International Bank for Reconstruction and Development 1818 H Street, N.W. Washington 25, D.C.

Dear Mr. Cope;

Re: Application of Tervakoski Oy dated September 21, 1950 concerning the purchase of Wor-Traps and propeller agitators

Reference is made to your letter of October 3, 1950, addressed to the Bank of Finland, concerning the inclusion of the above-mentioned request of Tervakoski Oy in the List of Goods.

Under instructions received from the Central Woodworking Association, as well as from the Bank of Finland, I wish to emphasize that the Wor-traps and propeller agitators are not maintenance, but actually machines of which the renewal program of Tervakoski Oy is essentially dependent and thus the machinery is of primary importance for Tervakoski Oy.

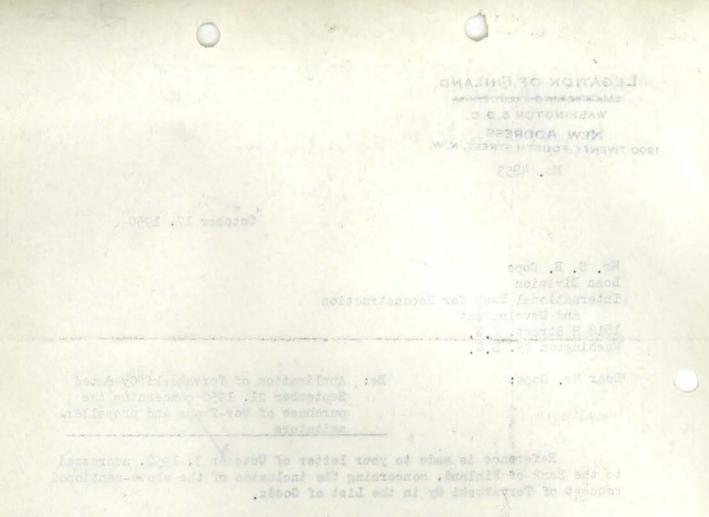
On the basis of the facts mentioned, may I ask you to reconsider the request of Tervakoski Oy.

Very truly yours,

Lables X Jaakko Hallama

Secretary of Legation

JH:db



Under Statutoetions received from the Control Woodworvin; According tion, as well is from the leads of Finland, I what to connective that The wor-trops and propeller exitators are not melatemater. But whenly abolines of which the control process of Terrological Co. 10 con allelly bouched and the 'the mechanics' is of primary incontance for Terrological Co.

On the Jawls of the facts pentioned, may I are you to recharge dor the recharge dor the second of th

Very truly yours.

dina in Inlinin Secretary of Location

0961 11 4 11 1950

RECOVET, AND DEVEL. RECOVET, AND DEVEL. FORM No. 57 (5.48) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Files

DATE: October 17, 1950

FROM: Joseph Fajans

SUBJECT: Finland-\$12.5 Million Loan

Mr. Hallama informed me this morning that he had received a cable from the Bank of Finland accepting the method proposed in our letter of October 6, 1950, of financing the purchase of a Fourdrimier craft paper machine from the Beloit Works. He has not yet heard how the Enso-Gutzeit Co. propose to reallocate funds within their allocation to release \$184,531 to cover part of the price of the machine, but stated that he will urge the Bank of Finland to supply us with a new breakdown list for that Company.

c:c: Mr. Street

Finland Loan Tervakoski Osakeyhtiö

PAPER MILL FOUNDED IN 1818

TELEPHONE TERVAKOSKI

TELEGRAMS & CABLES TERVAKOSKI - RIIHIMÄKI

POSTAL ADDRESS October 16th 1950

GG/HM

International Bank for Reconstruction and Development Washington / U.S.A.

Gentlemen:

Tervakoski Osakeyhtiö's loan from International Bank for Reconstruction and Development: US\$100.000.- (IB-16-FI-II-9)

We wish to inform you that we have ordered from Joseph Eck Maschinenwerke of Düsseldorf-Heerdt, Germany

Welled with your bank i.e. the would like to This amount we would like to pay from our loan with your bank i.e. the remaining amount of Pos. 1. We refer to our specification given to the Central Organisation of the Finnish Woodworking Industries on June 14th, 1949 and our letter to you of May 22nd, 1950.

> Through this purchase our calander capacity will be increased by 30 %.

We hope that you will approve of this and considering that this order is very urgent we would much appreciate your settling the matter as soon as possible.

Yours very truly, TERVAKOSKI OSAKEYHTIÖ

FILE COPY

October 13, 1950

Mr. J. Hallama Secretary, Legation of Finland 1900 Twenty-Fourth Street, N.W. Washington, D. C.

Dear Mr. Hallama:

I am enclosing herewith three copies of a letter addressed to the Bank of Finland. I should be grateful if you would forward the original to Helsinki.

I also enclose, for your signature, a draft Letter of Agreement implementing some of the changes requested by the Bank of Finland.

Very truly yours,

S. R. Cope Loan Officer

Enclosures: (4)

FILE COPY

October 13, 1950

Air Hail

Suomen Pankki - Finlands Bank Selsinki Finland

Tentlanes:

I acknowledge with manks receipt of your lettery of Sctober 5 and October 7, 1950, references V/NE/K.98b/HJ and V/JO/K.988/HJ, with attachments containing requests for changes in the List of Goods of the 512.5 million loss.

In accordance with the request concerning Mauss-Mashe Co. Ltd., the Bank has transferred within the breakdown list of goods the amount of \$333,642.78 from category II-8 (iii) to category II-12, and it is assumed that you will effect the necessary adjustment in your copy of the breakdown list. Since the allocation of the Mauss-Mashe Co. Ltd. is shown in our records at \$613,800 and not at \$615,300, as mentioned in their letter transmitted by you, we reduced the amount transferred correspondingly by \$1,500. This transfer of funds has increased the balance in category II-12 to \$2,213,217.bl.

The lank is prepared to include in the list of Goods two additional items of equipment for the Nokia Go. Ltd., marked II-11 k and II-11 1 in their letter transmitted by you, and three additional items for Symmetrie Go. Ltd., marked II-2 (viii) d, II-2 (ii) h, and II-2 (viii) a in the letter of the Central Association of Finnish Goodworking Industries transmitted by you. It is proposed to execute the formal association of the List of Goods with Mr. Hallams in Washington and to allocate funds for the above items by means of a reduction of item II-12. The balance remaining at disposal of the Central Association of Finnish Goodworking Industries in category II-12 of the breakdown list of goods will thus be reduced to 92,101,217.51. It is requested that you adjust your records accordingly. Kindly note that the Senith screw press for Myssene Co. Ltd. will appear on our records as item II-2 (ii) k and II-2 (ii) h, since the latter definition has previously been used for another part of equipment.

No action can at present be taken in respect of your request to bring under the loss a steam turbine (marked II-2 (vii) h in the letter of the Cantral Association of Finnish Toodworking Industries transmitted by you) for the Kyssene Co. Ltd. The Bank would require information regarding the estimated delivery date of the steam turbine before arriving at a decision. In this connection I should also like to refer to my latter to you of October 6, 1950, relative to the request of the Enso-Suizelt Co. Ltd. Assuming that the method of providing for the purchase of the high-speed Fourdrinier Fraft Paper machine proposed in that letter meate with your approval, the balance of category IF-12 would be reduced from 62,101,217.51 to 0305,258.51. This amount would not be sufficient to cover the price of the steam turbine estimated at NACO,000, unless funds would be released by some of the beneficiary companies.

Very truly yours.

S. R. Cope Losn Officer

SRCope:JFajans:bd cc: Miss V. Morsey Mr. G. M. Street Mr. H. B. Ripman Mr. Briow

FILE COPY

FILE COPY

DRAFT

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

Gentlemen:

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Suomen Pankki-Finlands Bank, we request your agreement to the following amendments of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950:

1) Amend item 2 (ii) to read as follows:

- (ii) Kymmene Mechanical Pulp Mill
 - a) 1 Grinder
 - b) Grinder motors
 - d) 1 Transformer
 - g) 1 Screw press
 - i) Heat exchanger
 - j) Grane and miscellaneous eqpt.
 - k) 1 Zenith screw press

2) Amend item 2 (viii) to read as follows:

(viii) Woikka Paper Mill and Mechanical Pulp Mill

- a/b) Grane with grab and concrete mixer and misc. eqpt.
 - c) Refiner
 - d) 1 Bauer refiner 300 HP
 - e) 2 Zenith screw presses and spare parts

3) Amend item 11 to read as follows:

- 11. Nokia Osakeyhtio (Nokia Co. Ltd.)
 - b) 2 Trucks
 - d) 1 Lathe
 - g) 1 Tractor with dozer shovel and dozer blade
 - h) 1 Suction press roll for paper machine V
 - i) Extra mantel for above
 - j) One suction press roll for paper machine IV
 - k) Paper rewinding machine
 - 1) Sheets of stainless steel

In other respects, the list of goods attached to our letter of June 9, 1950, as amended by our letter of September 19, 1950, will remain unchanged.

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

Very truly yours,

Authorized Representative Suomen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

By

Helsinki, 12th Oct er, 1950. V/JG/K. 1003/MJ. T. 1/100



VIA AIR MATL

International Bank for Reconstruction and Development. ack Oct. 18

Washington 25, D.C.

Gentlemen,

We are enclosing a letter of The Central Association of Finnish Woodworking Industries of the 10th October together with a letter of Messrs. G.A. Serlachius Oy., Mänttä, concerning some changes in their purchasing program, items 7-(iv) and 7-(vi).

We leave these changes to your kind consideration and hope that they may be accepted.

> Yours faithfully. SUOMEN PANKKI-FINLANDS BANK

2 Enclos.

VIA ALR MAIL

International Bank for Reconstruction and Development,

V/JG/K.1003/MJ.

Helsinki, 12th Oct Or, 1950.

Weshington 25, D.C.

Gentlemen,

We are enclosing a letter of The Central Association of Finnish Woodworking Industries of the 10th October together with a letter of Messrs. G.A. Serlachius Oy., Män 9, concerning some changes in their purchasing program, items 7-(iv) and 7-(vi). We leave these changes to your We leave these changes to your be gecepted. Yours faithfully.

Yours faithfully, SUCHEN PANKKI-FINLANDS BANK

S mueroe.

1950

NTERNATIONAL BANK FUI

RECEIVED

October 11, 1950

" Finland hour "

Dear Mr. Hallama:

This is to confirm Mrs. Kurle's telephone conversation of yesterday when she gave you the text of a cable for transmission to Helsinki, as follows:

"WHILE INTERBANK AGREEABLE TO SERLACHIUS TRANSACTION THROUGH WIEMEYER ON BASIS MY CABLE OF TODAY INTERBANK WISH TO MAKE CLEAR THAT THEY HAVE NO OBJECTION IF TO SAVE TIME SERLACHIUS PREFERS TO REQUEST DIRECT PAYMENT UNDER NORMAL PROCEDURE WITH-OUT INTERVENTION WIEMEYER"

Yours very truly,

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 1900 - 24th St. N.W. Washington, D.C.

SRC/pmk

FORM No. 57 (5-48) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT Chlaud how

OFFICE MEMORANDUM

TO: Files

DATE:

October 10, 1950

FROM: Joseph Fajans

SUBJECT:

Finland - Serlachius purchase

Miss Morsey of the Legal Department, Messrs. Brion and Street of the Treasurer's Department, and Messrs. Cope and Fajans of the Loan Department met on October 6, 1950 to discuss the purchase of a paper machine by Serlachius from Voith through Wiemeyer in the light of information received from Messrs. Aldewereld, Demuth and Crena de Iongh who visited Holland after the Governors' conference. After extended discussion it was resolved to delay action until satisfactory assurances in writing would be received from the Nederlandsche Bank and the West German foreign exchange control to the effect that they see no objection to the transaction being carried out.

JF/pmk cc: Mr. Cope Miss Morsey Mr. Brion DRAFT OF CABLE TO BE SENT TO HELSINKI BY MR. HALLAMA, OCT. 10/50

WHILE INTERBANK AGREEABLE TO SERLACHIUS TRANSACTION THROUGH WIEMEYER ON BASIS MY CABLE OF TODAY INTERBANK WISH TO MAKE CLEAR THAT THEY HAVE NO OBJECTION IF TO SAVE TIME SERLACHIUS PREFERS TO REQUEST DIRECT PAYMENT UNDER NORMAL PROCEDURE WITHOUT INTERVENTION WIEMEYER

Fuland hoan

SRCope/pmk Oct. 10/50

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellutose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, October 10, 1950

Finland hoan

International Bank for Reconstruction and Development, Washington.

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

Enclosed we are sending to you G.A. Serlachius Osakeyhtiö's letter of October 6, in which the Company informs of some changes in their purchasing program, items 7-(iv) and 7-(vi).

We recommend these changes be approved and would appreciate getting your reply soonest possible.

> Yours very truly THE CENTRAL ASSOCIATION OF FINNISH

ODWORKING INDUSTRIES

1 enclosure.

H. Jinki, 7th October, 1950. V/JG/K.988/MJ.



VIA AIR MAIL

International Bank for Reconstruction and Development, Treasurer's Department, Washington 25, D.C.

Gentlemen,

Re: IB-16-FI-II Loan.

We beg to enclose a letter of The Central Association of Finnish Woodworking Industries of the 6th October, 1950, together with letters of the Nokia Aktiebolag and Rauma-Raahe Oy. concerning their shares in the above captioned loan. Your reply to the applications

involved will be appreciated.

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

J. Taunta Sheedhaled

3 Enclos.

A/ 18/ K. 988/MJ .

HOlnki, 7th October, 1950.

VIA ALR MAIL

International Bank for Reconstruction and Development, Tressurer's Department, Neahington 25, D.C.

Gentlemen,

ERNATIONAL BAM

RECEIVEN

Re: IB-l6-F1-11. Loan.

We beg to enclose a letter of The Sentral Association of Finnish WoodworkingUndustries of the 6th October, 1950, together with letters of the Nokis Aktiebolag and Rauma-Reshe Oy. concerning their share in the shove ceptioned losn. Your reply to the spplications involved will be sppreciated.

Yours faithfully, UOMEN PANKKI-FINLANDS BANE

3 WUCTOR.

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, 6.10.1950

International Bank for Reconstruction and Development, Washington.

Dear Sirs, Re: IB-16-FI-II, Woodworking Industries Project.

I-11-

Shi

 <u>Nokia Osakeyhtiö</u>: This Company requests permission to purchase against their share of the loan the following goods:

und h		k Pa	per rew	inding mach	nine	ø	25.000:-
	-	l sh	eets of	stainless	steel	ø	10.000:-

We recommend this application be approved.

At the same time we have to inform, that <u>Rauma-Raahe Osa-keyhtiö</u> has cancelled an amount of <u>\$335.143:-</u> of their share of the loan, as stated in the enclosed letter of September 25.

Yours very truly THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Translation

NOKIA AKTIEBOLAG Nokia

Nokia, September 30, 1950.

The Central Association of Finnish Woodworking Industries, Alexandersgatan 36, Helsingfors.

Dear Sirs,

Loan from the International Bank for Reconstruction and Development (IB-16-FI-II-11).

We request permission to draw a further \$ 35,000 approx., against our share of the above loan, which was originally fixed at \$ 200,000 and which, according to recent agreement between Dr. Söderhjelm and Mr. Björkell, will be kept open until further notice against the stipulated commitment charge within this range, althoung to date we have only drawn approx. \$ 105,000. This amount, \$ 35,000 will be used for the purchase of a Jagenberg rewinding machine and stainless steel sheets for a pipe line approx. 400 m in lenght for cellulose, as follows:

- (Item 11-k) 1) Paper rewinding machine from Jagenberg-Werke A.G., Düsseldorf, Germany, to supplement a series of 3 such machines of the same wellknown make, bought in the latter 1930:ies and still working excellently. Approx. price \$ 25,000.-.
- (Item 11-1) 2) <u>Sheets of stainless steel</u>, from Eastern Stainless Steel Corporation, Baltimore, Maryland, U.S.A., to be used chiefly as material for a proposed pipe line about 1350 ft long from our present sulphite mill to the drying machine at the new mill site. Approx. price \$\no000.-.

Both these purchase refer to our often discussed plan of moving and at the same time rationalising our mills, which again is necessitated in the first place by the present dam project for the more thorough utilisation of the hydroelectric power of Nokia stream.

Yours faithfully NOKIA AKTIEBOLAG G.M. Nordensván (signed)

RAUMA - RAAHE OY

Rauma, Suomi

Telegrams: RAUMARAAHE RAUMA, FINLAND Rauma September 25th, 1950. Suomi (Finland)

Suomen Puunjalostusteollisuuden Keskusliitto, Osto-osasto

(C/o Suomen Selluloosayhdistys) E. Esplanaadikatu 2 Helsinki

Dear Sirs.

Re - Loan, designated by the mark IB-16-FI-II-8-(iii), granted us by the International Reconstruction Bank.

We were granted at the time of the abovementioned loan for different purposes a total sum of \$ 615.300:-, whereof we have to this date already used \$ 53.157:22. Unused is thus still an amount of \$ 562.142:78. As we can finance the Waste Liquor Recovery Unit, which we have ordered from Combustion Engineering - Superheater Inc. in the U.S.A., chiefly with foreign currency otherwise obtained, we hereby notify you that we relinquish and forego am amount of U. S.\$ 335.142:78, when at our disposal will still remain \$ 227.000:-. Of this amount we need about \$ 200.000:- for the Waste Liquor Evaporators and for the Equipment for the Recovery of the Chemicals, and \$ 27.000:- for the purchase of the plans from the engineering firm Chemiebau Dr. H. Schütt & Co. In case a rise im the index causes a rise in the price of the Recovery Unit, we may perhaps have to use also for this purpose some part of the beforementioned part (\$ 227.000:-) of the loan, which we have thus reserved for the purchase of machinery and equipment.

We remain, dear Sirs,

fours very truly, Kino Micin

TOWY - KVVHF ON

Rauma Suom

RAUMARAAHE RAUMARAAHE RAUMA, FINLAND

Rauma September 25th, 1950.

Sucmen runnjalos varteollisuuden Keskusliitto, Osto-osasto

(C/o Suomen Selluloosayhdistys) E. Espinnaadikatu 2 Helsinki

Dear Sirs.

Re - Loan, designated by the mark IB-16-FI-11-8-(111), granted ng by the International Reconstruction Park.

We were granted at the time of the abovementioned lean for different purposes a total sum of 0.615.500:-, whereof we have to this date already used 0.55.157:22. Unused is thus still an amount of 0.562.142:78. As we can finance the waste Liquer Recovery Unit, which we have erdered from Combustion Engineering - Superimeter Ino in the U.S.A., chiefly with foreign currency otherwise obtained, see hereby notify you that we relinguish and forego an amount of U. B. 735.142:78, when at our disposal will still remain 8.27.000... Derators and for the Equiprent for the Feorvery of the Ghericals. Find 8.27.000:- For the purchase of the plans from the engineering of this end for the Equiprent for the plans from the engineering firm Oberleban Dr. H. Schütt E do. In case a fifs in the index of use is also for this purpose success will, we may perhase ends to use also for this purpose success part of the beforementicals of the to use also for this purpose success the beforementicaed purchase of machinery and court which we have the beforementicaed purchase of machinery and equiprent.

We remain, dear Sire,

m. Hours / 1 133 7 RAUMA-RAAHS OY Yours very truly,

CONST. AND DEVEL

ILCENTED.

DRAFT OF CABLE TO BE SENT TO BANK OF FINLAND BY MR. HALLAMA, SECRETARY OF FINNISH LEGATION

REFERENCE PURCHASE OF PAPER MACHINE BY SERLACHIUS FROM VOITH THROUGH WIEMEYER STOP INTERBANK PREPARED TO APPROVE TRANSACTION PROVIDED ASSURANCES SATISFACTORY TO INTERBANK OBTAINED FROM FOREIGN EXCHANGE CONTROL AUTHORITIES IN HOLLAND AND WESTERN GERMANY STOP PLEASE ARRANGE FOR SUBMISSION OF ALL RELEVANT INFORMATION REGARDING THE TRANSACTION TO NEDERLANDSCHE BANK AND GERMAN FOREIGN EXCHANGE CONTROL AUTHORITY INTERBANK ASKING BOTH OF THEM TO CONFIRM DIRECT TO US THAT THEY HAVE NO OBJECTION

Files

SRCOPE/pmk Oct. 9/50



FINLAND

TRADE MARK

SERLACHIUS, MÄNTTÄ.

CODES A. B. C. 7th Ed. BENTLEY ZEBRA CODE 4th Ed. BOE

International Bank for Reconstruction and Development, <u>New York</u> U.S.A.

October 6,1950

Finland hour

-cont -

1993.34

Re: Our share in the loan IB-16-FI.

We should be much obliged if you could kindly accept the following alterations regarding the purchases made under the above loan:

Item 7-(iv), \$ 1.339.186:-

1 only Pulpmaster No.2 delivered by Castle & Over USA, delivery time December 1950		\$ 7 740-
	Price	\$ 7.740:-
2 lots of spare blades for Wastepaper Cutters del by Adolf Fischer, Germany, delivery promp		
The above Cutters have been purchased under the same item.	r Price r	\$ 463 :-
The price of the Yates Moulder C 99 to be deliver Yates-American Machinery Co. USA, in December 195 informed \$ 15.400:- but has been increased to \$17	O, was	
Difference of	price	\$ 2.142:66
		\$10.345:66
The following purchases accepted by you un	der the ab	ove item
will be left out:		
1 only Ratosleeve flow meter for slush pulp, manu	facturer	
Fischer & Porter Co. USA	Price	\$ 2.265:-
l only Yale KM 30-EM Electric Forklifttruck compl with 2 forks, manufacturer The Yale & Town		
	Price	
		\$ 7.482:-
l only Truck, manufacturer The Yale & Towne, USA	Price	\$ 7.482:- \$ 2.592:-

G. A. SERLACHIUS Uy

MÄNTTÄ

till Blad n:o 2

den October 6,1950

Item 7-(vi), \$ 53.120:-

4 only 3-phase automatic switches manufacturer Germany, deliverytime June-August 1951	Siemens,		
	Price		2.672:=
The following purchases will be left out:			
500 V capacitors 540 kVAr, manufacturer Asea,			
Sweden	Price	\$	4.430:-
500 V Capacitors 540 kVAr, manufacturer L.M.			1.120
Ericsson, Sweden	Price	\$5	4.430:-
		-	8.860:-

Through the above arrangement a part of the loan is still available and we shall inform you shortly which purchases we should like to place under the remaining sum of the loan.

Yours faithfully,

pp.G.A.SERLACHIUS Oy

October 6, 1950

Finland Loan

Dear Mr. Hallama:

I am enclosing herewith three copies of a letter addressed to Suomen Pankki-Finlands Bank. I should be grateful if you would forward the original to Helsinki.

Yours very truly,

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 1900 - 24th St. N.W. Washington, DC

Encloures

SRC/pak

October 6, 1950

Finland Loan

Suosen Pankki-Yinlanda Bank Helsinki Finlani

Gentleman:

I thank you for your letter of september 30, 1950, reference V/JG/K.956/MJ, with which you forwarded the request of the Mass-Gatasit Company for the inclusion of one 226° High Speed Fourdrinier Kraft Paper Machine in the list of goods of our loss to yourselves.

The Bank would be prepared to include the sachine in the list of goods on the understanding that:

- (1) The total cost of the machine, including all spare parts necessary, and after making fall provision for escalation, is \$1,950,500.
- (11) You will provide Snao-Gutsait with whatever additional foreign suchange may be required to mubble that company to complete the paper will.

Since we have not received from you an indication of any alternative use for the amount of \$1,379,574.63 at present being hold at the disposal of the Central Association of Finnish Woodworking Industries, we would propose to provide for the amount of \$1,980,500 as follows:

(1)	By	reduci	ing t	ha :	alexand to	208	动力工作是	in	名加高	breakdown	list	
					業業的意識							184,531

(11) by applying from the present holonee of Ites II-12

81,795,960 01,000,800

In order to make the change affective, the Bank will have to be informed from which items of category 11-4 the amount of \$184,531 should be deducted. In other words, we shall require a new breakdown list of goods for category II-4 (Smeo-Subset Co. Ltd.).

It is proposed to execute the necessary assument of the list of goods as soon as we hear from you.

Idure very traly. P

S. R. Cope Loss Officer

JF/BRC/pmk c.c. Mr. Street, Dr. Robinson Miss Morsey

Kotha with

He inki, 5th October, 1950. V/KK/K.984/MJ.



VIA AIR MAIL

International Bank for Reconstruction and Development, <u>Treasurer's Department</u>, <u>Washington 25, D.C.</u>

Gentlemen,

We are enclosing for your kind attention a letter of The Central Association of Finnish Woodworking Industries of the 5th October, 1950, together with enclosures concerning Kymmene Aktiebolag's report on the progress of their projects and some new purchase applications to be financed

under IB-16-FI-II Loan.

We are looking forward to your decision and intimation in the matter.

inly.

Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

Enclos.

ack . 10/

X vent to

Mr. Ripman's

office 13/5 H

He ink1, 5th October, 1950. V/KK/K.984/MJ.

VIA AIR MAIL

International Bank for Reconstruction and Development, Treasurer's Department, Washington 25, D.C.

Gentlemen,

We are enclosing for your kind attention a letter of The Central Association of Finnish Woodworking Industries of the 5th October, 1950, together with enclosures concerning Kymmene Aktieboleg's report on the progress of their projects and some new purchase applications to be financed under IB-16-FI-II Loan.

We are looking forward to your decision and intimation in the matter.

Yours faithrally, SUOMEN PANKKI-CINLANDS BANK

OCT 9 12 00 PM 1950

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

RECEIVED

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, 5.10.1950

International Bank for Reconstruction and Development, Washington.

Dear Sirs,

Þ

Re: IB-16-FI-II, Woodworking Industries Project.

Enclosed we are sending to you <u>Kymmene Aktiebolag's</u> letters of September 14 and 22. In addition to the Company's report on the progress of their projects there are also the following new applications:

		2-(viii)-d: 1-Bauer refiner 300 HP	× 🖇 21.000:-
1	29	2-(ii)-k:K1-Zenith Screw press	16.000:-
	("	2-(vii)-h: 1-Steam turbine	400.000:-)
/	99	2-(viii)-e: 2-Zenith Screw presses	-
	-	and spare parts	40.000

We would appreciate getting your approval as soon as possible.

Yours very truly THE CENTRAL ASSOCIATION OF FINNISH, WOODWORKING, INDUSTRIES

Enclosures.

2,000. 3. 47.

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Files

DATE: October 5, 1950

FROM: Joseph Fajans

SUBJECT: Loan to the Bank of Finland

I discussed with Mr. Hallama today, contents of the September 12, 1950, letter from the Central Association of Finnish Woodworking Industries transmitted to us by the Bank of Finland on September 30, 1950. He assured me that the so-called "reservation" in the amount of \$1,000,000 to defray part of the cost of the High Speed Fourdrinier Kraft Paper Machine refers to an arrangement between the Central Association and the Enso-Gutzeit Company. In the event, therefore, of the inclusion of this machine in the list of goods, an amount of \$1,000,000 would be reallocated for its purchase from the present undisbursed allocation of the Central Association.

JF/pmk

FORM No. 26 (1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 3, 1950

ROUTING

Finland Roan

TO:	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	ACTION COPY TOMR, ALDEWERELD
FROM:	THE HAGUE	INFORMATION COPY TO
		Decoded By

TEXT:

FOR ALDEWERELD YOUR CONVERSATION HILL. HAD TALK WITH FRANKFURTER IN PRESENCE NETHERLANDS BANK. TRANSACTION HERE FINANCIALLY FEASIBLE. AS WIEMEYER JUST SMALL AGENCY I SUGGESTED THAT OUR PAYMENTS BE MADE AGAINST DOCUMENTARY PROOF THAT VOIGT RECEIVED PAYMENTS. FRANKFURTER THOUGHT THIS POSSIBLE AND WILL WRITE TO ME IN BRUSSELS HE DOES NOT THINK MATTER VERY URGENT. SHALL AIRMAIL FRANKFURTERS LETTER TO YOU. PLEASE TAKE FINAL DECISION YOUR SIDE.

CRENA DE IONGH

Copies to m Copie

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

OCT 4. 9 00 AM 1950

O RE STAR STAR

LOTEL DECISI NUMBER OF

The W PAR OFFICER AS I THE

FURNERS IN MUSICAL CONTRACTOR STATES AND ALLS

October 3, 1950

Finland Loan

Dear Mr. Hallama:

I am enclosing herewith two copies of a letter addressed to Suomen Pankki-Finlands Bank. I should be grateful if you would forward the original to Helsinki.

Yours very truly,

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 1900 - 24th St. NW Washington, DC

Enclosure

SRC/pmk

October 3, 1950

Finland Loan

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlement

I thank you for your letter of September 25, 1950, reference V/KK/LT/No.943, with enclosures, in which you request the inclusion of what appear to be maintenance parts for certain pulp making equipment.

I have to point out that the part of the loan set aside for the woodworking industries was granted for "the renewal and modernisation of plant and equipment and for the extension of capacity", the intention being that it would be devoted to major replacements of plant and equipment, the installation of new machines and the introduction of improved processes, all of which would give rise to increased efficiency or greater output. It was not intended that the loan should be spent on small parts used for day-to-day maintenance. While, therefore, the Bank is anxious to give as much flexibility as possible in the use of the loan, such flexibility must be consistent with the loan as originally conceived.

I therefore regret that the Bank cannot accept normal maintenance parts for inclusion in the list of goods.

Yours very truly,

P

S. R. Cope Loan Officer

SRC/pmk cc: Dr. Rembert Dr. Robinson Mr. Brion FORM No. 26 (1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 1, 1950

ROUTING

Decoded By

Finland Loan

TO:INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTACTION COPY TOMR. RILEYFROM:S/S QUEEN ELIZABETHINFORMATION COPY TO

TEXT:

FOR RILEY

BLACK, GARNER AGREE ALLOWING FINNS PURCHASING ITEM 2-7-4 OF LIST OF GOODS AMOUNT ONE MILLION TWENTY SEVEN THOUSAND DOLLARS FOR WIEMEYER, AMSTERDAM, INSTEAD OF DIRECT FROM VOIGT, GERMANY, PROVIDED DUTCH CENTRAL BANK NO OBJECTION. CRENA DE IONGH CONTACTING DUTCH CENTRAL BANK. CAN WORK OUT DOCUMENTARY REQUIREMENTS UPON MY RETURN.

ALDEWERELD

ORIGINAL

RECONST. AND DEVEL.

OCT 2 8 35 AM 1950

BELOF N.

FOR NELEX ELACK, CARREE ALLOUING REMES PRESERVOING THEN 2-7-4 OF LIST OF COORS ANCUNT ONE PILLION THENTY SEVEN TEOBERHY FOR VOIST, PERMANY, PROVEED DUTCH SEVEND OF DIRECT PROM VOIST, CERMANY, PROVEED DUTCH SEVEND OF NO OBJECTION. CHENE DE JOEGH CONTACTING OFTH OFTHAL EARS, CAN NORA OUT OCCUMENTALY REQUIREMENTS OFCH NY



Helsinki, 30th September, 1950. V/JG,...966/MJ.

VIA AIR MAIL

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

Gentlemen,

We beg to enclose in two copies the letter of the Central Association of Finnish Woodworking Industries of the 12th September, 1950, with 3 enclosures concerning Enso-Gutzeit's purchase project for one High Speed Fourdrinier Kraft Paper Machine to be delivered by Beloit Iron Works, Beloit, Wisc. and suggested to be financed under the IB-16-FI-II-4-(ii)-b Loan.

Your early reply will be appreciated.

> Yours faithfully, SUOMEN PANKKI-FINLANDS BANK

Enclos.

Helsicki, 30th September, 1950. V/JC, 966/MJ.

VIA AIR MAIL

International Bank for Reconstruction and Development,

Washington 26, D.C.

Gentlemen,

We beg to enclose in two copies the letter of the Central Association of Finnish Woodworking Industries of the 12th September, 1950, with 3 enclosures concerning Enso-Gutzeit's purchase project for one High Speed Fourdrinier Kraft Paper Machine to be delivered by Beloit Iron Works, Beloit, Wisc. and suggested to be financed under the IB-16-FI+II-4-(11)-b.Loan.

Your early reply will be appre-

.betaio

Enclos.

Yours faithfully, SUOMEN PANKET-FINLANDS BANK

0961 2 10 vs AM 1960

HEOLIVEL AND DEVEL

September 30, 1950

Fuland hoan

THE FILES

Benjamin P. Spiro

Loan to the Bank of Finland - Position as at September 30, 1950

Electric Power Projects

The Schedule of Furchases and Deliveries for the month of August 1950 has been received. It shows that equipment valued at \$897,337 has been put into operation or in storage in Finland. No new orders have been placed during the month of August 1950. The total value of orders placed remains at \$1,731.333.

The value of equipment installed or in the course of installation represents a large increase above that reported at the end of July. This increase is due essentially to the fact that the excavator purchased by the Oulu River Company has been received in Finland and that installation started early in August 1950. The Bank's participation in this project is \$472,109. Further, the one 3-phase synchronized condenser purchased by the Imatra Power Company for the Petäjävesi sub-station has also been received in Finland and is in the course of being installed. The amount financed by the Bank for this project is \$180,247 out of a total cost of \$257,553. Specific progress reports on the excavator, the 3-phase synchronized condenser and on the Imatra Fater Power Flant are being received quarterly, the next one being due as at Hovember 1, 1950.

Woodworking Industries Projects

After long deleys, a Schedule of Purchases and Deliveries has been received for this category. It covers the period ended August 31, 1950. No schedules were received for the periods ended respectively June 30 and July 31, 1950, but as the August schedule is a cumulative one. it includes the information which would have been obtained from the missing schedules. This schedule shows that equipment valued at \$1,270,855 has been received in Finland. Of this total, \$153,625 represent the value of equipment actually installed and in operation. Total orders placed amount now to \$4,333,660 (41.2% of the amount allocated to this category), including orders in the U.K. for 116,217, in Sweden for SK 9,097 and in Switzerland for SF 331,546. With one exception deliveries are taking place according to schedule. The one exception relates to a beating unit for which the importers, Hymin Cy, have already paid the full amount, mamply \$69,788. to the manufacturer, the Curlator Corporation, Rochester. Delivery was promised in January 1950 f.o.b. factory. The Bank of Finland has been asked to comment on this delay. Progress reports on six specific projects as at August 1, 1950. have not yet been received. A follow-up latter will be sent to the Bank of Finland in the near future.

Limestone Grinding Projects

The Schedule of Purchases and Deliveries for the period ended August 31. 1950 has not yet been received.

BPSpirotes c.c. Hr. Solmids

September 27, 1950

Finland Loan

Dear Mr. Hallama:

This will acknowledge receipt of your letter, reference No. 4551, dated September 25, 1950, with which you enclosed two copies of a memorandum from the Association of Finnish Woodworking Industries concerning proposed changes in the list of goods of the Bank's loan to the Republic of Finland.

Yours very truly,

D

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, N.W. Washington, D.C.

Finland Roan

Secretary's Archives Virginia Morsey Loan No. 16 FI September 27, 1950

Attached is executed letter dated September 19, 1950, amending the list of goods for the loan to Suomen Pankki-Finlands Bank.

Attachment 1

cc - Treasurer's Files Loan Dept. (Mr. Cope)) photostatic copy attached Legal Files)

VMorsey:dg 9/27/50

FORM NO. 57	INTERNATION BANK FOR RECONSTRUCTION AND DEVELOPMENT	the
	OFFICE MEMORANDUM	zA
TO: FROM:	Mr. Henry W. Riley DATE: September 26, 1950 Hugh B. Ripman	
SUBJECT:	Bank of Finland Loan - Woodworking Industries Projects - Schedule of Purchases and Deliveries for the Month of August 1950	

With their letter of September 22, 1950, the Bank of Finland sent us a cumulative Schedule of Purchases and Deliveries for the Woodworking Industries Projects as at August 31, 1950. This schedule is the first we have received since that covering the period ended May 31, 1950. No schedules were received for the periods ended respectively June 30 and July 31, 1950. However, as the present schedule is a cumulative one the information which would have been obtained in the missing schedules is included now. The following table indicates the situation as at August 31. The situation as at May 31 is given for comparison purposes:

	As at May 31, 1950	As at August 31, 1950
Total orders placed Of Which	\$2,882,758.22	\$4,332,660.49 116,217 SK 9,096.64 SF 331,545.70
Payments made by the Bank of Finland to manufacturers	2,41.5,566.40	2,588,088.76
Disbursements made by the Bank	1,284,538.00	2,014,867.00
Amount paid to Manufacturers for equipment received in Finland	266,255.45	1,270,855.47
Of which actually installed and in operation	103,401.67	153,624.80

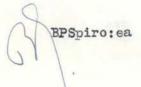
The value of the import licenses granted for the equipment which has actually been received in Finland was \$1,275,765.75 as compared with an amount of \$1,270,855.47 actually paid to manufacturers. The loan funds allocated to items already imported amount to \$1,587,028.00.

With very few exceptions deliveries appear to be taking place according to schedule. The only item which is out of line relates to Project 2 (iii) a for a beating unit "Curlator" promised f.o.b. factory by the Curlator Corporation, Rochester, for January 1950, and for which the importers Kymin Oy have already paid the full amount, namely \$69,788.00. The Bank has already refunded \$25,000.00 to the Bank of Finland as a portion of this payment. It is suggested that the Bank of Finland be asked to comment on this matter. There are two or three other instances where delays of one to two months have taken place but as the amounts involved are very small and the equipment has been received in Finland, no action is suggested.

The amount of \$1,270,855.47, representing the value of the equipment received in Finland, does not include the value of part deliveries toward

Projects	4(i) 1	(\$78,000.)
	4(i) 3	(\$183,903.80)
	7(iii)	(\$66,518.00)
	4(i) h	(\$557,508.00).

The Schedule of Purchases and Deliveries being on a cumulative basis has already increased from a few page document to twelve pages for the schedule under review and will increase considerably more as orders are being placed for the balance of loan funds allocated to this category. It is, therefore, suggested that the Bank of Finland be informed that once all the equipment for a given project has been installed and put into operation it need no longer be included in the schedule. A letter to this effect is attached for consideration.



Hel nk September 25th, 1950. V/K, L1. 948



AIR MAIL

The International Bank for Reconstruction and Development, W a s h i n g t o n 25,D.C.

Treasurer's Department.

ack Oct 3

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

We are enclosing for your service two letters of the Central Association of Finnish Woodworking Industries, Helsinki, adressed to you and dated September 22nd and 25th respectively, together with two letters adressed to you by Tervakoski Oy, Tervakoski under date September 21st,1950. We refer these letters to your

kind consideration.

Yours faithfull, Suomen Pankki-Finlands Bank

Enclos. Registered

September 25, 1950

Finland Roan

Mr. John F. Kilduff Chief, Finance Branch Economic Affairs Division Office of the United States High Commissioner for Germany Berlin Element, APO 742 Berlin, Germany

Dear Sir:

Reference is made to your letter of September 13, 1950, in which you request information about the purchase under this Bank's loan to the Bank of Finland of electric transformers in Western Germany for the Imatra Power Company.

Our records show that the request of the above company, contained in their letter of July 12, 1950, had been approved by the Bank and that that company was informed by our letter of July 21, 1950 that they could use \$125,000 for the purchase of 2 - 20,000 kVA, 110/20 kV transformers with onload tap changing gear.

The Bank has heard nothing further on this matter. It might be useful to point out in this connection that the choice of sources of supply rests entirely with the borrower and that the Bank never influences the borrower in the selection of markets and individual firms.

Yours very truly,

P

S. R. Cope Loan Officer

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B – HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, September 25, 1950

Fiil Loa.

International Bank for Reconstruction and Development, Washington. steader

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project. Enclosed we are sending you Tervakoski Osakeyhtiö's letter of September 21st regarding a purchase from Messrs. J.M. Voith G.m.b.H., Maschinenfabrik, Heidenheim, Germany. We would appreciate getting your approval as soon as possible.

> Yours very truly THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

·-az

KYMMENE AKTIEBOLAG

KUUSANKOSKI, FINLAND

N:0 1.

International Bank for Reconstruction and Development. 67 Rue de Lille, Paris 7^e, France.

Dear Sirs,

We refer to our letter of September 12th 1950 page 5 "Unspecified reservation". To the two items mentioned we like to make the following third addition.

For Woikka Mechanical Pulp Mill

2-(viii)- 2 Zenith Continuous Screw Presses \$32.000 and spare parts to these and the presses purchased for Kymmene groundwood mill \$ 8.000.

Our groundwood mill at Woikka has an installed capacity of 18.500 HP on the grinders. As mentioned on page 6 of our above letter, we fear that when the output of the paper mill is increased, we will run short of groundwood. On the other hand the groundwood mill should be worked 7 days a week in order to make use of surplus water power on Sundays, but the paper mill is working only 6 days. At present we can use only a fraction of the groundwood mill on Sundays, because the present stock chest does not have enough storage capacity. If however two screw presses are used and the consistency of the chest thus increases from 41 to 61 %, we will get an additional 60-70 tons of bone dry groundwood into the present chest. On top of that we will add to our chest capacity by converting an old 900 m² settling tank into a groundwood chest. The total additional storage capacity will so be increased with 80-90 tons of bone dry pulp. This again means that we can use about 5000 HP extra during week-ends.

The gain will be twofold: We will have an extra reserve of 80-90 tons of groundwood, which can be used away during the week, and, if the power cost is put at 75 pennis per HPh, we will save about 4 mill.marks per annum.

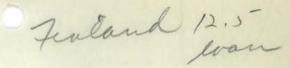
KYMMENE AKTIEBOLAG

KUUSANKOSKI, September 22, 1950.

N:0 2.

International Bank for Reconstruction and Development. 67 Rue de Lille, Paris 7^e, France.

> We therefore think that this addition to our present plant will be of great importance. We estimate that the installation will cost some 3 mill.mks and that additional equipment for some 3.5 mill.mks has to be ordered in Finland. Except for the rebuilding of the present tank, the work does not require any big alterations and we schedule that it should be made in September-October 1951.





September 22, 1950

REY-HAAG

Dear Walter:

Enclosed memorandum is intended for Crena de Jongh if he is in Paris -otherwise for Mr. Black.

It relates to a matter that the Finns mentioned to Mr. Garner. He spoke to Ventimiglia about it in Stockholm, and asked that Ventimiglia and I secure more information in Amsterdam, which we have done.

Garner suggested that either Ventiniglia or I should come to Paris with the story but I believe the attached memo tells all the facts . If Crena or Mr. Black wants anything more, I can be reached at the Hotel Metropole in Brussels next Monday evening, Tuesday and Wednesday.

Best regards,

Sincerely,

Dick Demuth

Mr. Walter Hill 67 Rue de Lille Paris.

cc. Mr. Garner

MEMORANDUM

Re purchase of paper machine under Finnish loan

- Item II-7-(iv) on the list of goods attached to the loan to the Bank of Finland provides for the purchase of a paper machine for the firm of Serlachius. Serlachius has placed an order for the paper machine with Voigt & Co, a German manufacturer at Heidenheim, Western Germany, for \$1,027,000, to be paid in dollars.
- 2. The Finns told Mr. Garner they wanted to place the order through their Dutch agents in Amsterdam, Wiemeyer & Co, and have the IBRD make payment to Wiemeyer. They advised that, in this manner, they could save \$50,000. They further stated that details of the transaction could be obtained through Wiemeyer's banker in Amsterdam, Mr. Frankfurter of the N.V. Hollandische Koopmansbank. Mr. Ventimiglia and Mr. Demuth called on Mr. Frankfurter today to learn such details.
- 3. It appears that the deal proposed by Frankfurter involves the following steps:
 - (a) cancellation of the order from Serlachius to Voigt;
 - (b) a new order from Wiemeyer to Voigt for the machine, at a price about 5% or 6% above the original price, payment to be made in guilders;
 - (c) purchase of the machine by Serlachius
 from Wiemeyer for the original figure
 -\$1,027,000- payment to be made in dollars
 under the IBRD credit;
 - (d) a side deal by Serlachius with Voigt that, since Voigt will be getting 5% more in marks, Voigt will furnish Serlachius with some extra machinery equivalent to a portion of the additional profit to Voigt.
- 4. The foregoing is all made possible because, under Dutch exchange regulations, a part of the dollars Wiemeyer will receive from IBRD need not be turned into the Nederlandische Bank. They will be used

by Frankfurter in some other deal, the profit from which (in guilders) will be greater than the loss (in guilders) which Wiemeyer will take on the purchase and sale of the paper machine. Thus the profit to be made by the availability of some free dollars will enable

(a) Voigt to get more for the paper machine

- (b) Serlachius to get some extra machinery
- (c) Wiemeyer to make some profit
- (d) the Koopmansbank to make some profit.

All of this profit will presumably arise because an exporter in some other country will sell goods against the free dollars which will become available at a considerable lower cost than he would sell against guilders.

- 5. Mr. Garner seemed anxious that the IBRD approve the transaction. Mr. Frankfurter assured us it was all entirely legal and I believe he is an honest man. On the other hand, I have considerable doubt in my own mind that the IBRD should get itself involved in a complicated arbitrage transaction of this sort.
- 6. An immediate decision is apparently required. Mr. Crena de Jongh knows a good deal of the early history of this whole matter.

R. H. D.

The Hague, September 22, 1950.

Tervakoski Osakeyhtiö PAPER MILL FOUND

TELEPHONE TERVAKOSKI GG/SN

TELEGRAMS & CABLES TERVAKOSKI - RIIHIMAKI

POSTAL ADDRESS TERVAKOSKI, FINLAND 21th September 1950

International Bank for Reconstruction and Development

Washington/U.S.A.

Gentlemen:

Tervakoski Osakeyhtiös loan from International Bank for Reconstruction and Development: US\$ 100.000.- (IB-16-FI-II-9)

We wish to inform you that we have ordered from Messrs. J.M. Voith G.m.b.H., Maschinenfabrik, Heidenheim (Brenz) Germany

> 3 Wor-Traps 4 Propeller Agitators

at a total price of US\$ 8.383 .- . This amount we would like to e pay from our loan with your bank in accordance with pos. 1 - b, Pulp cleaners/\$ 15.000.-. We refer to our specification given no hildhen, to the Central Organisation dustries on June 14th, 1949. to the Central Organisation of the Finnish Woodworking In-

We hope that you will approve of this, and remain,

Yours very truly, TERVAKOSKI OSAKEXHTIÖ

PAPER MILL FOUNDED IN 1818

POSTAL ADDRESS TERVAKOSKI, FINLAND 21th September 1950

TERVAKOSKI

TELEGRAMS & CABLES TERVAKOSKI - RITHIMAKI

International Bank for Reconstruction and Development Washington/U.S.A.



Tervakoski Osakeyhtiös loan from International Bank for Reconstruction and Development: USS 100.000.- (IB-16-FI-II-9)

We wish to inform you that we have ordered from Messrs. J.M. Voith G.m.b.H., Maschinenfabrik, Heidenheim (Frenz) Germany

3 Wor-Traps + Propeller Agitators

at a total price of USØ 8.383.-. This amount we would like to pay from our loan with your bank in accordance with pos. 1 - b. Pulp cleaners/Ø 15.000.-. We refer to our specification given to the Central Organisation of the Annish Woodworking Industries on June 14th, 1949.

We hope that you will approve of this, and remain,

Yours very taxuly,

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, September 21, 1950

Find hoan

International Bank for Reconstruction and Development, Washington. all all all

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project. Enclosed we are sending you Tervakoski Osakeyhtiö's letter of September 15th regarding a purchase from Messrs. Castle & Overton, Inc., New-York 20.

We would appreciate getting your approval as soon as possible.

Yours very truly

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

1. any

Enclosure.

Finland hoan

Sept. 21, 1950

Miss Morsey

S. R. Cope

\$12.5 million loan to the Bank of Finland

Attached is a letter dated Sept. 19, 1950, from Mr. Hallama, requesting modification in the list of goods for the above loan. The Assistant Loan Director has accepted the modification in question and I should be grateful if you would make arrangements for photostats to be made of the enclosed letter and forward same to the Secretary's office.

SRC/pmk

INTERNATIONAL BANK F RECONSTRUCTION AND DEVELOPMENT

To: Mr. Cope

I think that Mr. Patterson will need this note for his file as he kept the previous ones in the event of revision of the sub-categories list of goods.

V. 1. 7.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S.R. Cope DATE: September 21, 1950 FROM: Mr. M. Verheyen UL SUBJECT: Loan IB 16 FI - Excess in sub-categories amount

FORM No. 5/ (5-48)

Reference: Your memo of June 14, 1950

Confirming our telephone conversation of last week, I note that you agree to exceed the sub-category I-8a-(i) in the following case: Application No. G 82-1-1 increased by \$228.00 exceeds by \$225.95 the amount allocated to that sub-category.

OK in me Kinge 2/50.

cc: Mr. Street Mr. Verheyen

Finlaced Roan

Mr. A.S.G. Hoar

September 20, 1950

S. R. Cope

\$12.5 million Loan to the Bank of Finland.

Would you please confirm for the Eank both copies of the attached Letter of Agreement and return them to me.

The amendment of the List of Goods embodied in the Agreement was cleared with the Legal Department, who drafted the letter, and the Treasurer's Department. FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Henry W. Riley

FROM:

DATE: September 19, 1950

Hugh B. Ripman SUBJECT:

Bank of Finland Loan - Electric Power Projects - Schedule of Purchases and Deliveries for the Month of August 1950

Attached to their letter of September 12, 1950, the Bank of Finland sent us the Schedule of Purchases and Deliveries for the month of August 1950. This schedule is still prepared in the original form but the Bank of Finland states that the next report will be prepared in the new form suggested by us.

An analysis of this schedule in conjunction with the schedules previously received shows that the situation of this category is as follows:

		July 31, 1950	<u>August 31, 1950</u>
1.	Amount of orders for projects in which the Bank participates	\$1,731,332.53	\$1,731,332.53
2.	Amount of loan funds allocated to the projects for which orders have been placed	1,348,837.00	1,348,837.00
3. 4.	Disbursements made by the Bank Value of equipment installed, in the course of being installed,	904,290.00	963,502.00
	in operation or in storage in Finland	223,973.29	897,336.92

The large increase in the value of equipment installed or in the course of installation is essentially due to the fact that the equipment in Project 3(b) (one 3-phase synchronized condenser purchased by the Imatra Power Company for the Petäjävesi Substation) has been received in Finland and is now in the course of being installed. This project is one of the three on which specific quarterly reports are being received from Finland. The amount financed by the Bank for this project is \$180,247.00 out of a total cost of \$257,553.00. The second item which brings up the value of equipment installed or in the course of installation is Project 10(a) namely an excavator purchased by the Oulu River Company for the Jylhama Power Plant which was received in Finland and on which installation began early in August 1950. The Bank's participation for this project is \$472,108.64. Specific quarterly progress reports are also being received from Finland on this project.

No action appears to be required.

BPSoiro; ea

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8. D. C.

No. 4404

September 19, 1950

Fielding Loan

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

Gentlemen:

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Suomen Pankki-Finlands Bank, we request your agreement to the following amendments of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950.

- (1) Amend item 9 to read as follows:
 - 9. Tervakoski Osakeyhtio (Tervakoski Co., Ltd.)
 - (i) Pulp beating equipment
 - a) 1 Refiner for rag pulp

 - b) 1 Beater for rag pulpd) Engraving roll with bronze shell
 - e) Pulp cleaners
 - (ii) a) 2 lift trucks b) 1 scoop
 - (iv) 1 Suction roll
 - (v) 2 Precision slitting and roll winding machines
 - (vi) 1 Cardboard core rolling and gumming machine
- (2) Add a new item 15 reading as follows:
 - 15. Oulu O.Y. (Oulu Company)
 - 1 hydraulic dredge

In other respects, the list of goods attached to our letter of June 9, 1950, will remain unchanged.

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

Very truly yours,

capi hus

Jaakko Hallama Authorized Representative Suomen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

By .

Assistant Loan Director

- 2 -

September 19, 1950

Dear Mr. Hallama:

The question of the Bank's financing a hydraulic dredge for the Onlu River Company under the \$12.5 million loan has recently been discussed in Finland by the Vice President and the Bank's angineering adviser. On the basis of the information so obtained and after personal inspection of the project by Bank representatives, the Bank is now prepared to include the dredge as a new item in the list of goods.

A draft letter of agreement to implement the required changes in the list of goods is accordingly attached for your signature. This letter also takes into account changes contained in the previous draft letter of agreement delivered to you on September 15, 1950, which can be destroyed.

Upon conclusion of the formal agreement regarding the inclusion of the hydraulic dredge under the loan, the Bank will alter the breakdown list of goods to show a new item 15 under Section II headed "Culujoki Cy. (Culu River Co.), 1 hydraulic dredge", to which an amount of \$120,000 will be allocated. The present allocation for the Central Association of Finnish Woodworking Industries (Item 12 of Section II) will be accordingly reduced.

Yours very truly,

P

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, NW Washington, DC

Enclosure (Cleared with Legal Department)

JF/SRC/pmk c.c. Miss Morsey Mr. Street

(Date)

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

Gentlemen:

Fursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Sucmen Fankki-Finlands Bank, we request your agreement to the following amendments of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950:

- (1) Amend item 9 to read as follows:
 - 9. Tervakoski Osakevhtio (Tervakoski Co. Ltd.)
 - (i) Pulp besting equipment
 - a) 1 Refiner forms pulp
 - b) 1 Beater for rag pulp
 - d) Engraving roll with bronze shell
 - e) Pulp cleaners
 - (ii) a) 2 lift trucks b) 1 scoop
 - (iv) 1 Suction roll
 - (v) 2 Precision slitting and roll winding machines
 - (vi) 1 Cardboard core rolling and gumming machine
- (2) Add a new item 15 reading as follows:

15. <u>Ouluioki Q.Y.</u> (Oulu River Co.)

1 hydraulic dredge

In other respects, the list of goods attached to our letter of June 9, 1950, will remain unchanged.

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

-2-

Very truly yours,

Authorized Representative Suomen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

Bys

Finland Pawer

POHJOLAN VOIMA OSAKEYHTIO

LONNROTINKATU 3 HELSINKI Puh. 24946 ja 66741

September 18, 1950. ASK/SLL

R.R. Wheeler Esq. Hotel Kämp <u>Helsinki</u>

Dear Sir.

At the request of Managing director, Mr Erkki Aalto we have pleasure in handing you enclosed a memorandum regarding the main characteristics of the power situation in our country, the construction plan of the Kemijoki river and of the Isohaara plant.

ack. Two. 13

We should like to invite your attention to the fact, that this memorandum contains some important additional information which could not be referred to on the occasion of your visit at our plant in Kemi.

> Very truly yours, POHJOLAN VOIMA OSAKEYHTIÖ M. alanita

POHJOLAN VOIMA OSAKEYHTIÖ

Memorandum.

In the following we shall give the main characteristics of the power situation in our country, the construction plan of the Kemijoki river and of the Isohaara power plant.

Figures 1 and 2 represents the water power resources of our country. The numbers stand for the energy quantity in million kWh in a year (figure 1). The column on the right shows the total power resources of the country. The undermost dark part represents the constructed power quantity, the following lighter part the power quantity under construction and the white part the unconstructed water power quantity. There is in our country in round figures 4 billion kWh of constructed water power, 1 billion kWh of water power quantity under construction and from 10 to 15 billion kWh of unconstructed water power.

The columns on the left represent the construction situation of our various rivers. The column on the extreme left stands for the river Kemijoki at the mouth of which the Isohaara power plant is situated. The total energy quantity of the Kemijoki is about 5 billion kWh. The following column represents the Vuoksi river. Of the total energy quantity of this stream around 2,5 billion kWh was left on the Finnish side after the war. The third column represents the river Oulujoki, which also is about 2,5 billion kWh, and the sixth column the river Iijoki of some 1,5 billion kWh.

Of the water power of the main river-bed of the Kemijoki for the time being about one third is owned by the state. The rest is owned by the Northern Power Co with its shareholders. Of Northern Power Co again private wood manufacture industry owns about two thirds and the wood manufacture industry of the state one third. The water power of river Iijoki in its whole is owned by the Northern Power Co. About four fifths of the water power of the river Oulujoki is owned by the state and the rest by the town of Oulu and the Kajaani Co.

- 2 -

For the time being there are several power plants under construction in our country, chiefly only on the Oulujoki river where the state is realizing the construction program of the main river-bed. Due to the high rate of interest and the direct lack of free capital resources caused by the inflation the private construction activity is gradually totally ceasing. For instance at the present the effective interest on free finances is about 9-10 per cent. The power plant projects of the state thereagainst are financed through taxing and financial institutions of the state, the effective interest being in average from 6 to 7 per cent.

In this connection it might be on its place to point out that the finances in Finland are for the present almost totally under state control. The supporters of the socialization, who are in key-positions, therefore take advantage of the opportunity in order to realize the so called "stealing socialization" on the power economy field, which takes place so that the receipt of capital for private power plant projects is continuously hampered in various ways and same is granted chiefly for the power plant projects of the state. In addition the private industrial installations which have incurred in financial difficulties are pressed to sell the rapids owned by them to the state. With regard to the sound development of the power economy of the country, however, it would be most important that also the private power plant enterprises would receive enough of construction capital and on the same conditions as the power plant projects of the state. It must be remembered that private enterprizing and initiation have even so far built up the greatest part of our water power plants.

Figure 3 shows the development of the power production in Finland and Sweden expressed in billions of kWh. The lower curve represents the power production in Finland. In the middle of the curve one can see the loss of 40 per cent in our power production caused by the wars. After the wars the development of the power production in the beginning, follows the normal curve required by the development of a progressive production life, but threatens then after the years 1951-52 to stay badly behind same. The continuation of the curve made in dashes represents the development involved in the present construction program of the state. It is easy to note that the building activity of the state alone is not satisfactory, but the private building activity must get well started, the sooner the better, in order to secure the normal development of the productive life of our country. The lowest terrace of the terracing project of the Kemijoki river is the power plant of Isohaara. It has an engine effect of 50 MW and generates in average 300 million kWh yearly. The power plant is constructed in the place of the large railway and highway bridges, destroyed in the war so that the dam of the power plant simultaneously replaces the destroyed bridges.

The construction of the power plant was commenced in the year 1945. Already after one year a regular railway and highway traffic could be begun over the dam, which was most vital for the life of Lapland. The power plant itself started operating in 1948. The most important power machinery, such as the mighty turbines, the generators, and transformers have been purchased from the USA. Also 800 kilometres of high tension lines are connected with the power plant, along which electricity is fed for the time being to the whole area of Lapland as well as to the shore of Gulf of Bothnia and to south Finland.

The construction plan of the main river-bed of the river Kemijoki involves in total 8 power plants with a total effect of about 650 MW and 4 billion kWh, and a number of smaller power plants and artificial flood water regulation basins at the upper course of the river and its subsidiary rivers. The transfer of this surplus energy to south Finland has been planned to take place by means of high tension lines of 380 kV shown in fig. 4.

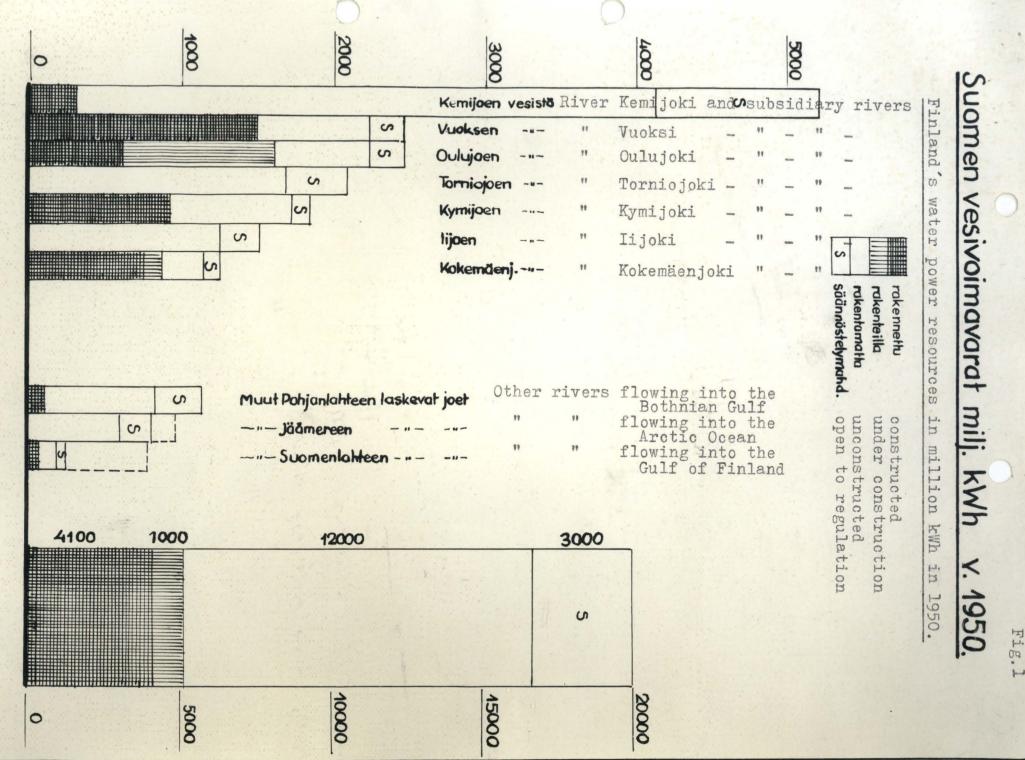
The construction of the main bed of the Kemijoki with its artificial regulation basins and 380 kV far-transfer lines will amount to some 30 billion marks of our present money or about 100 million dollars according to reckonings. At the rate of interest of 4 per cent the self cost price of the power transferred to south Finland would be around 0,75 marks or around 0,25 cents per kWh.

The far-reaching and rational realization of the construction project of the Kemijoki thus would give extremely cheap electric

- 3 -

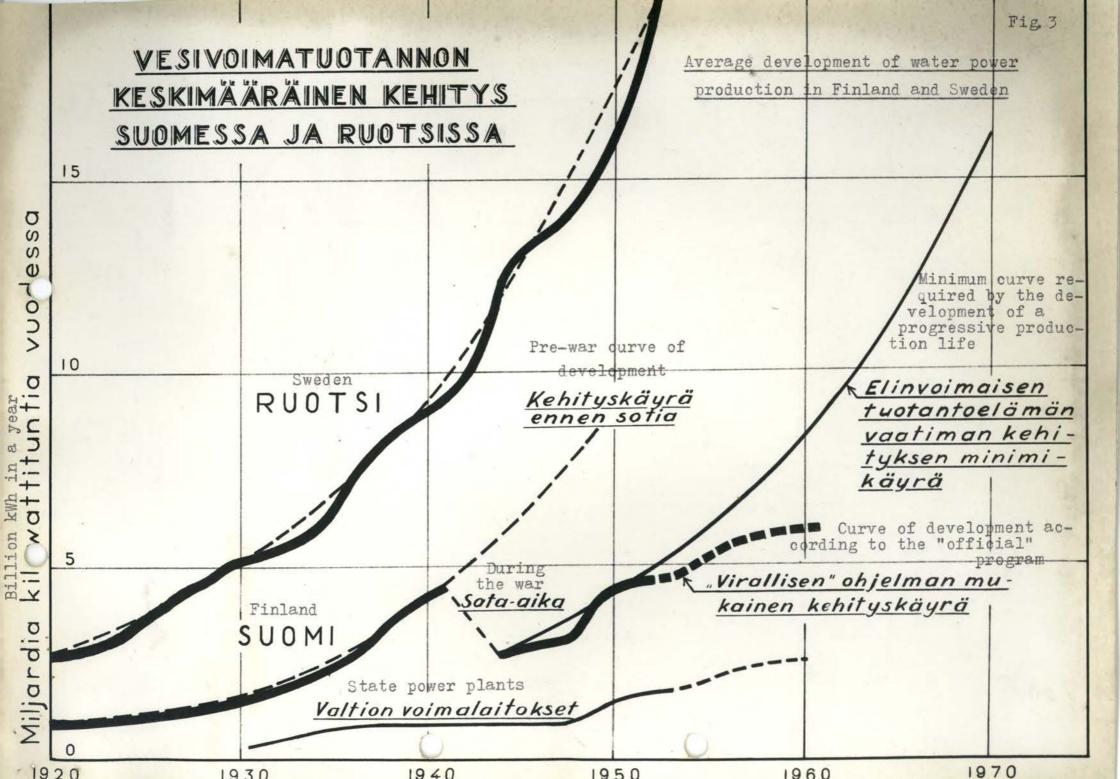
energy to our country 4 billion kWh or such a quantity for the generation of which by steam yearly about 2 million tons of coal would be needed. For the purchase of such a quantity of coal would be needed some 25 million dollars of foreign currency yearly.

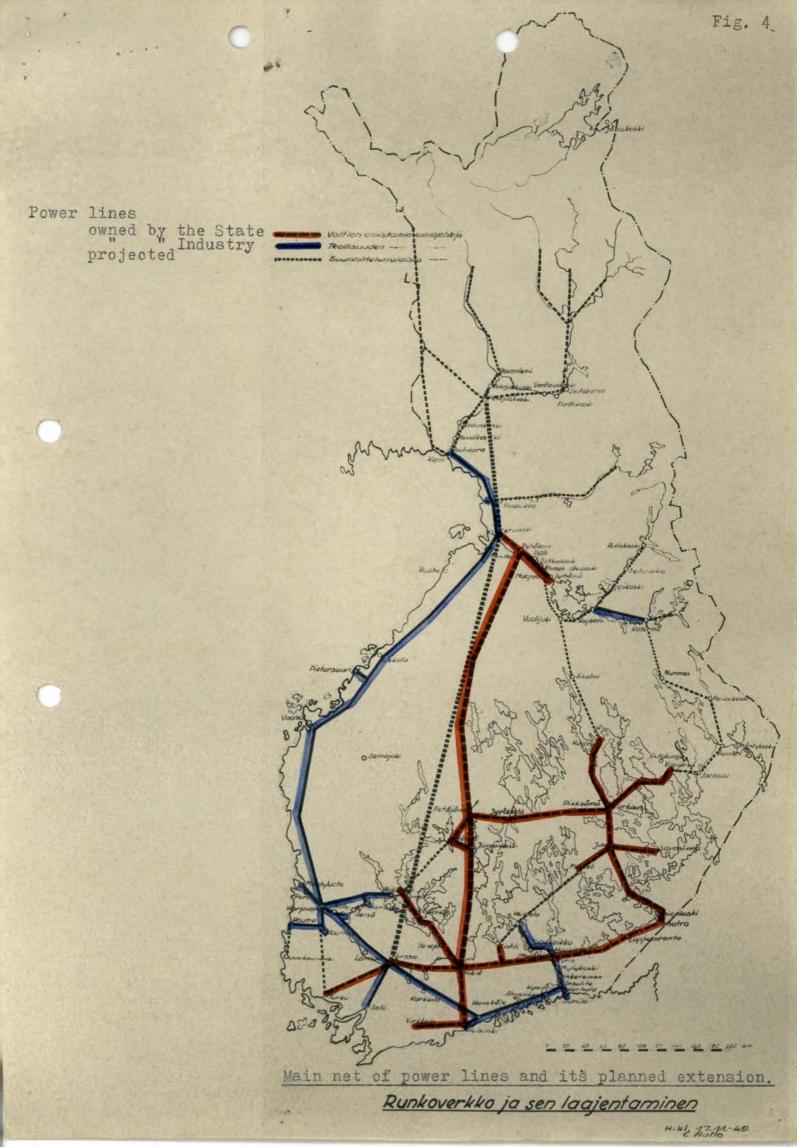
- 4 -



25.2.-50. E.Aalto







INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE:	SEPTEMBER 17, 1950	ROUTING
TO:	INTERNATIONAL BANK FOR	ACTION COPY TO MR.HOAR
FROM:	RECONSTRUCTION AND DEVELOPMENT	INFORMATION COPY TO
	HELSINKI	Decoded By
		la de la

TEXT:

1. 26 .1.50)

ON BASIS FURTHER EXPLANATION AND PERSONAL INSPECTION APPROVAL \$120,000 UNDER WOODWORKING INDUSTRIES PROJECT BANK OF FINLAND LOAN FOR DREDGE FOR OULU OY STRONGLY RECOMMENDED BY WHEELER AND MYSELF. RECOMMENDED APPROPRIATE Maken a an Next. 19, 150 ft. ACTION BE TAKEN IMMEDIATELY.

GARNER

NTERNATIONAL BANK FOR RECONST. AND DEVEL.

SEP 18 9 49 AM 1950

PM

International Bank for Reconstruction and Development

Loan granted in May, 1949:

Myllykoski Board Mill

Cardboard machine with electric drive \$ 1.600.000:-

Walkiakoski Sulphate Mill	
Soda Recovery Unit	600.000:-
Bleaching Plant	450.000:-
	\$ 2.650.000:-
Bleaching Plant cancelled Jan.1950	450.000:-
	\$ 2.200.000:-

Further:

Switching Device for Walkiakoski from Switzerland

100.000:-

Jenland #12, 5 mellon file Fing Loan

Myllykoski, 15. 9. 1950.

Note: Given to Vice President's Mission to Scandinavia September 1950.

Note: Handed to Vice President's Mission to Finland September 1950.

The minutes kept at the conference called by the Chamber of Commerce in Oulu to discuss the dredging problems of the northern part of the Gulf of Bothnia, dated January 24th at 18.30.

Brill file

The conference was attended by 30 persons altogether.

1 5.

After the president of the Chamber of Commerce, the bankmanager Mr. Herva had called the meeting to order and explained the reasons for it he was re-elected chairman of the meeting.

The representative of the Chamber of Commerce, Mr. Pekka Malinen, B.A., was made recording secretary.

2 %.

It was noted that those called to the meeting were presented by the following representatives:

The city of Raahe	by the citymanager Mr. A.Tenkanen,
The city of Oulu	by the citymanager Mr. E.J.Leino, and engineer Mr. A.Savoila,
The city of Kemi	by the assistant citymanager Mr. T.Juntunen and engineer Mr.V.Pekkala,
The city of Tornio	by the citymanager Mr. P.E.Koponen,
Ruona Oy	by engineer Mr. U.Oesch,
A.Santaholma Oy	by director Mr.M.Lehtosaari and forester P.Kiviharju,
Oulu Oy	by mill manager Mr. G.Kulvik, the engineers Mr. E.Yrjönen, Mr.V.Suomio and traffic manager Mr. S.Susi,
Oy Toppila	by engineer Mr.B.Skogström,
Iijoen Uittoyhäistys	by forester Mr.S.Linna and engineer Mr. O.Hyyppä,
Rauma-Raahe Oy	by director E.G.Rustanius and engineer Mr. A.Rekola.

3 \$.

Engineer Mr. B.Skogström and director Mr. M.Lehtosaari were elected to approve the minutes.

Note: Handed to Vice President's Mission to Finland September 1950.

The first permission to speak was granted to the managing director of the Vesiteknillinen Insinööritoimisto Oy Vesto, engineer Mr.O.Kivelä, who gave an account of the nature of various dredges, their practicability and the costs for their operation. The speaker stressed the point that in America the suction dredges are preferred to the chain bucket dredges. A machine equipped with a 12" suction tube is able to dredge a quantity of 100-150 m³ of soft soil in an hour and move the stuff with the same mechanic power to a distance of 300-400 m. The moving transaction is proved to be more economical when using a suction dredge as the cost of towing when using a chain bucket dredge is considerably high. As far as the suction dredges are conserned, Mr. Kivelä mentioned a 12" dredge being quoted at Fmk 50.000.000:- and a 16" one at about Fmk. 100.000.000:-

5 5.

When discussing the subject mentioned the following statements were made of the need of dredging along the coast between Raahe and Tornio:

<u>Reahe:</u> There is no continuous need for dredging, but a deep dredging of about 200.000 m³ would come into consideration;

<u>Oulu:</u> The subject of making a deep water harbour that requires dredging of 300.000 - 400.000 m³;

Kemi: The front of the town needs dredging of 500.000 m³; Tornio: Dredging required 100.000 - 200.000 m³;

Oulu Oy: Dredging required 1.000.000 m";

Rauma-Raahe Oy: According to the stated need of dredging required for the waters between Martinniemi and Halosenniemi is ca 200.000 m³;

<u>Iijoen Uittoyhdistys:</u> The need of dredging in the estuaries of Kiiminkijoki and Iijoki ca 250.000 m³ altogether;

<u>Veitsiluoto Oy:</u> According to the report of citymanager Mr. Juntunen the need of dredging is ca 30.000 m³;

<u>Ab Kemi Oy:</u> The representatives of the city of Kemi make their need of dredging to ca 200.000 m³.

According to the statements above the need od dredging between Raahe and Tornio comes up to 3.000.000 m³.

6 §.

Upon Mr. Herva's suggestion it was decided to appoint a committee to carry on the initiative of the Chamber of Commerce. The committee was appointed by the cities of Raahe, Oulu, Kemi and Tornio, further By Oulu Oy, Rauma-Raahe Oy, Ab Kemi Oy, Veitsiluoto Osakeyhtiö, Santaholma Oy and Iijoen Uittoyhdistys. Those belonging to the committee are to elect their representatives themselves and to complete the committee when needed.

Oulu Oy was appointed to call the committee together.

7 9.

After the main subject discussed engineer Mr. V.Pekkala provided a lecture about a plan to build up a dam across Merenkurkku from Finland to Sweden.

The lecture promted an animated discussion.

The date and place as above.

Yrjö Herva

Pekka Malinen

Oulu, January 27th 1950.

The minutes approved by:

M. Lehtosaari

B. Skogström

Tervakoski Osakeyhtiö

TELEPHONE TERVAKOSKI GG/SN

TELEGRAMS & CABLES TERVAKOSKI - RIIHIMAKI

POSTAL ADDRESS TERVAKOSKI, FINLAND 15 th September 1950

International Bank for Reconstruction and Development

Washington/U.S.A.

Gentlemen:

Tervakoski Osakevhtiös loan from International Bank for Reconstruction and Development: US\$ 100.000.- (IB-16-FI-II-9)

We wish to inform you that we have ordered from Messrs. Castle & Overton, Inc. of New York 20, N.Y., USA

mainterester e paulable

7.300 Sich wheel 8 sets 1/8" plug fillings for Jones refiner 3 " 1/8" shell fillings 3 11 Bidwell liner shell fillings " Messinger Bearings 4

at a total price of US\$ 3.935 .- . This amount we would like to pay from our loan with your bank in accordance with pos.(1)-b, Beater for Rag Pulp/\$ 15.000. We refer to our specification given to the Central Organisation of the Finnish Woodworking Industries on June 14th, 1949 and our letter to you of May 24th, 1950.

We hope that you will approve of this, and remain,

Yours very truly, TERVAKOSKI OSAKEYHTIÖ

September 15, 1950

Dear Mr. Hallans;

Under cover of a letter dated September 4, 1950, the Bank of Finland have transmitted to us on behalf of the Central Association of Finnish Woodworking Industries, a letter of the Tervakoski Oy. requesting the Bank's approval for the inclusion of 2 precision slitting and roll winding machines and 1 cardboard core rolling and gunning machine, ordered by them in Germany, in the list of goods to be purchased under the \$12.5 million loan.

The Bank is prepared to approve the above request and a draft letter of agreement to implement the required changes in the list of goods is attached. It should be forwarded to the Bank for confirmation on the Borrower's latterhead, signed by a person duly authorized to represent the Berrower.

Upon the conclusion of the formal agreement the Bank will alter the breakdown list of goods attached to the Bank's Letter of June 9, 1950, to show a reduction by \$19,000 in the amount of \$2,033,233 allocated to the Central Association of Finnish Woodworking Industries (Item 12 of Section II of the breakdown list of goods), a reduction by 0513 in the amount of \$7,000 allocated for the purchase of an engraving roll with bronze shell. by Tervakoski Oy. (Item 9(1)d of Section II) and the deletion of Item 9(1)e of Section II - 1 driving gear for which an amount of \$3,000 is at present allocated. In such way, an amount of \$22,513 would be set free and the Bank would make this amount evailable for the purchase of 2 precision slitting and roll winding machines for a total price of \$18,282 and 1 cardboard core rolling and gumming machine for a price of \$4.231.

It is assumed that the Bank of Finland would accordingly adjust their copy of the breakdown list of goods.

Yours very truly.

Washington, DC

S. R. Cope Loan Officer

JF/SRC/pmk c.c. Miss Morsey Mr. Street

DRAEI

(Date)

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

Gentlemens

Pursuant to Section 1 of Article III of the Loan Agreement dated August 1, 1949, between International Bank for Reconstruction and Development and Sucman Pankki-Finlands Bank, we request your agreement to the amendment of item 9 of Section II, Woodworking Industries Project, of the list of goods attached to our letter of June 9, 1950, so that such item will read as follows:

- 9. Tervakoski Osakovhtio (Tervakoski Co. Ltd.)
 - (1) Fulp beating equipment
 - a) 1 Refiner for Rag pulp
 - b) 1 Beater for Rag pulp
 - d) Engraving roll with bronse shell
 - e) Pulp cleaners
 - (i1) a) 2 lift trucks b) 1 scoop
 - (iv) 1 Suction roll
 - (v) 2 Precision Slitting and Roll Winding Machines
 - (vi) 1 Cardboard Core Rolling and Gumming Machine

In other respects, the list of goods attached to our letter of June 9, 1950, will remain unchanged.

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

Very truly yours.

Authorized Representative of Suomen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

By #

September 13, 1950

Finland Loan

(1)×

Dear Mr. Hallama:

I enclose a letter addressed to Suomen Pankki-Finlands Bank, in reply to a further request received from them for the inclusion of an item of \$120,000 to cover part of the cost of purchasing a hydraulic dredge for Oulu Oy. An additional copy is enclosed for your files.

Yours very truly,

P

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Finnish Legation 2144 Wyoming Avenue, NW Washington, DC

Enclosures.

SRC /pmk

September 13, 1950

Finland Fran

les 13/1x

Suomen Pankki-Finlande Bank Helsinki Finland

Gentlemen:

I have to acknowledge receipt of your letter of August 19, enclosing a request from the Central Association of Finnish Woodworking Industries for the inclusion in the list of goods for the \$12.5 million loan to yourselves, of an item of \$120,000, representing part of the purchase price of a hydraulic dredge for Gulu Cy.

I have noted the further comments of Galu Gy contained in their letter of August 10, 1950. While I appreciate that there may well be a case for the purchase of the dredge in question I feel, as indicated in my letter of June 5, 1950, that the dredge must be regarded as falling outside the woodworking industries project and I do not feel that the additional information which Gulu Gy have submitted is sufficient justification for the Back's financing this item.

Very truly yours,

£

S. R. Cope Loan Officer

c.c. Mr. Hallama, Finnish Legation c.c. Dr. Rembert, Mr. Stevenson, Miss Morsey, Mr. Folk

SRC/PMK



OFFICE OF THE UNITED STATES HIGH COMMISSIONER FOR GERMANY Berlin Element APO 742 - Berlin Economic Affairs Division Finance Branch

September 13, 1950

Finlandhoan

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

Gentlemen:

The A.E.G. Company in Western Berlin has been in communication with the IMATRAN VOIMA OSAKEYHTIO, Finland, concerning a sum of approximately \$ 125,000.00 for the purchase from West-Germany of electrical transformers.

The IMATRAN VOIMA OSAKEYHTIO wrote on July 12, 1950 a letter (copy attached) to the International Bank, asking that the sum of 125,000 dollars could be made available in Western Germany or West Berlin for this purpose.

The A.E.G. Company informs us that there has been no decision by the International Bank to their knowledge and has applied to us for assistance in determining the status of these monies.

Inasmuch as U.S. policy favors the emphasis on production and • exports from West Berlin, we are interested in ascertaining whether the money may be made available for purchase of electrical equipment in Germany and would appreciate such information as you may be able to furnish.

Very truly yours,

John

Chief, Finance Branch

Enclosure: Ltr from IMATRAN VOIMA OSAKEYHTIO dtd Jul 12,50

ack. Sept. 25

International Bank for Reconstruction and Development

COPY

Washington 25, D.C. USA

Gentlemen:

This company has reserved from its share of Interbank's loan (Finnish Loan IB-16-F) the sum of \$260,000.00 (item I 3 d) for the purchase of a 30,000 kVA synchronous condenser from the U.S. However, on basis of offers received, the American prices appear to be approx. 50% higher than those of West-Germany and Sweden (about \$ 135,000.00). Consequently this company would like to place the order in Europe, provided the credit can be used in West Germany or Sweden.

We would like to utilize the remainder of approx. \$ 125,000.00 (item I 3 d) for the purchase from West Germany of two (2) 20,000 kVA'110/ 20 kV transformers with on-load tap changing gear, which are sorely needed because the equipment ordered from Finnish manufacturers in 1943 - 45 is still undelivered and continuously delayed.

In view of the foregoing and since the loan agreement prescribes acquisition at the cheapest source, we respectfully request that you would agree to the sum specified in item I 3 d of Finnish Loan I B -16-F being used as follows:

30.000 kVA synchr. condenser from West Germany or Sweden \$ 135,000.00

2 - 20,000 kVA, 110/20 kV transformers with onload tap changing gear from West-Germany

\$ 125,000.00

Very truly yours

IMATRAN VOIMA OSAKEYHTIÖ

(Sgd.) H. Lehtonen Fr. Bollmann

DECENSE , SI NYEBUATIONAL BARK FOR

SEP 25. 10 17 AM 1950

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Washington 25, 0.0.

(satilemen:

This company has reserved from its share of interbank's losn (rinnish Loan 18-13-1) the sum of (250,000.00 (item 1 3 d) for the purchase of a 50,000 kVA synchronous condenser from the d.f. However, on basis of offers received, the American prices appear to be approx. 50% higher than those of West-dermany and Sweden (shout \$ 135,000.00). Consequently this company would like to pisce the order in Europe, provided the oregit can be used in Mest Jermany or Sweden.

The would like to utilize the remainder of approx. 3 125,000.00 (item 1 3 d) for the purchase from West Germany of two (2) 20,000 kVA'110/ 20 kV transformers with on-load tep changing gent, which are sorely needed because the equipment ordered from Finniah manufacturers in 1963 - 45 is still undelivered and continuously delayed.

In view of the foregoing and since the loss agreement prescribes sequisition at the chespest source, we respectfully request that you would agree to the sum specified in item 1 5 d of Finnish Loss 1 5 -15-7 being used as follows:

10,000 KVA synchr. sondenser from west versany or Sweden

get Logo EVA, 110/20 EV transformers with enload tep ohanging gear from Wast-Germany

1 135,000.00

\$ 158,000.00

Very truly yours

SITEMARASO ALTON NASTANI

(Sgd.) H. Lohtonan Pr. Bollmann

Filwordework mi Bray Marchall

Interbank's loan IB-16-FI-II as per 12.9.1950

				19/
	Quota	Ordered	Import licenses	
Yhtyneet Paperitehtaat Oy	2.200.000:-	-	-	
Kymin Osakeyhtiö	2.053.800:-	575.597:-	575.597:-	This paker was reed
Enso-Gutzeit Osakeyhtiö	3.200.043:-	3.200.043:-	1.718.971:-	This faper was reca by of the tarchall from gen. Wheeler.
G. A. Serlachius Oy	2.175.783:-	1.838.756:-	1.838.756:-	gen. Weeler.
Rauma-Raahe Osakeyhtiö	280.158:-	80.160:-	80.160:-	
Tervakoski Osakeyhtiö	100.000:-	60.934:-	60.934:-	
Häme Faneritehdas Oy	52.516:-	52.516:-	52.516:-	
Nokia Osakeyhtiö	200.000:-	104.491:-	104.491:-	
Tampella	9.700:-	9.694:-	9.694:-	
Finlands Metallduksväveri Ab	58.000:-	57.995:-	57.995:-	
Oulu Osakeyhtiö DREDGE	120.000:-	120.000:-		0 1
ø	10.450.000:-	6.100.186:2	4.422.114:=	10/26.
		1 074 192 5		0

Helsinki, 12.9.1950.

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Sep. 12

September 12, 1950

Finland hour

Suomen Pankki-Finlands Bank Helsinki Finland

Dear Sirs;

This will acknowledge receipt of your letter of September 5, 1950, with which you forwarded a copy of the monthly report on payments, clearing and similar agreements.

Yours faithfully,

Joseph Fajans Assistant Loan Officer

JF/pak

Note: Handed to Vice President's Mission to Scandinavia, September 1950.

Interbank's loan IB-16-FI-II as per 12.9.1950

	Quota	Ordered	Import licenses
Yhtyneet Paperitehtaat Oy	2.200.000:-	-	-
Kymin Osakeyhtiö	2.053.800:-	575.597:-	575.597:-
Enso-Gutzeit Osakeyhtiö	3.200.043:-	3.200.043:-	1.718.971:-
G. A. Serlachius Oy	2.175.783:-	1.838.756:-	1.838.756:-
Rauma-Raahe Osakeyhtiö	280.158:-	80.160:-	80.160:-
Tervakoski Osakeyhtiö	100.000:-	60.934:-	60.934:-
Häme Faneritehdas Oy	52.516:-	52.516:-	52.516:-
Nokia Osakeyhtiö	200.000:-	104.491:-	104.491:-
Tampella	9.700:-	9.694:-	9.694:-
Finlands Metallduksväveri Ab	58.000:-	57.995:-	57.995:-
Oulu Osakeyhtiö	120.000:-	120.000:-	-
ø	10.450.000:-	6.100.186:-	_4:499:114:=

Helsinki, 12.9.1950.

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellulose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, September 12, 1950

Filland Loais

International Bank for Reconstruction and Development Washington.

Dear Sirs,

Re: IB-16-Fi-II, Woodworking Industries Project.

As previously mentioned, Enso-Gutzeit Osakeyhtiö have reserved for their disposal \$ 1,000,000.- of the above loan, in exess of the \$ 1,901,233.- originally granted them.

On September 2, Enso-Gutzeit bought from Beloit Iron Works, Beloit, Wisconsin,

One - 226" High Speed Fourdrinier Kraft Paper Machine, at a price of <u>\$ 1,980,500.-</u>, f.a.s. New York, for the company^{\$}s new paper mill at Kotka, and the reservation is intended to be used for this purchase.

We enclose the data on the total expenses in Finland of the mill to be built, and a list showing the division of the purchases of machines and equipment from the different countries. Furthermore, we enclose a list shoving the marketing plan of the paper produced, and a calculation of the profitability of the mill. We also enclose a copy of the letter dated September 2, 1950, by Beloit Export Corporation, European Branch, Paris, France, to Enso-Gutzeit, showing the price of the machine, the terms of payment, and the estimated final delivery time.

The financing of the purchase price is planned by Enso-Gutzeit as follows:

FINSKA TRÄFÖRÄDLINGSIN STRIERNAS CENTRALFÖRBUND

2

3

P2 . 194

		Datum
1.	Reservation	\$ 1,000,000
2.	Against the amount of \$1,901,233 previously granted to Enso-Gutzeit, \$1,716,702 has been used for pur- chase of machines and equipment. As result of the amended purchase plans by the company, the balance can be used towards payment for the new machine	184,531
3.	From the balance remaining in the name of the Central Association of Finnish Woodworking Industries	298,810
	the same of the same and the same and the same and the same and	\$ 1,483,341
+.	From items that will possibly be cancelled agamnst loan allocations to other companies	
	1,795,	\$ 1,980,500
		the second s

-2-

Should no cancellations occur, Enso-Gutzeit intends to the pay the dollar deficit with/increased exports of the production of the Kaukopää new cardboard machine. The quantity involved, approx. 6,000 tons, represents only 10% of the total annual production of the cardboard machine.

The machine to be purchased will produce solely multiwall cement bag paper, for which the demand is exceedingly great in all in European countries engaged reconstruction. Requests have been made by several countires that our cement bag paper production should be increased.

We suggest that Enso-Gutzeit's purchase project described above should be accepted and be allotted the reference IB-16-FI-II-4-(ii)-b. We would be grateful for your early reply.

> Yours faithfully, Finska Träförådlings-Industriernas Centralförbund

3 enclos.

ENSO-GUTZEIT OSAKEYHTIÖ - Kotka Paper-Mill

Estimated cost of the Paper-Mill and an approximate calculation of how the supply of the machinery and other equipment is divided among the different countries:-

			U.S.A.	European countries	Finland
The Mill building	\$1	,500,000.00	-	10%	90%
The machinery:					
The Paper Machine					
(Beloit Iron Works)	\$1	,980,500.00	100%	-	-
Freight & turnover tax	\$	125,000.00	-		100%
Stock beating machinery	\$	260,000.00	-	-	100%
Pumps, tanks, etc.	\$	150,000.00	-	20%	80%
Ventilation and heat					
absorption	\$	200,000.00	-	-	100%
Transport equipment	\$	110,000.00	10%	25%	65%
Pipes & valves	\$	150,000.00	10%	70%	20%
Controlling meters	\$	35,000.00	50%	10%	40%
Electric machines and					
equipment	\$	800,000.00	20%	40%	40%
Freights	\$	22,000.00	-	-	100%
Erection, etc.	-	200,000.00	-	+	100%
					1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1
Total, machinery		,032.500.00			
Building	\$1	,500,000.00			
	\$5	,532,500.00			

Helsinki, September 7, 1950.

ENSO-GUTZEIT OSAKEYHTIÖ - Kotka Paper-Mill

The annual output of 40,000 tons of Multi Wall (Bag Paper is calculated to be sold in the following countries as follows:-

Home market													1,500	tons
England			•			•	•	•		•			10,000	**
Denmark		•		•		•		•		•	•	.)		
Holland	•		•		•	•				•	•	.)		
Belgium			•	•			•		•	•	•	.)	20,000	11
France	•	•	•	•	•	•	•		•		•	.)	,	
Germany	•	•	•			•	•	•	•	•		.)		
Switzerland	•	•	•			•	•	•	•	•	•	.)		
Overseas co	unt	tri	Les	3	(So					. 08	a .		5,000	11
													40,000	tons

The estimated cost of production is:-

	Finnish Marks per ton	
Pulp in slush form	15,000:-	
Other raw materials	700:-	
Other production costs, labour, fuel	L,	
power, etc	5,000:-	
Depreciation and maintenance	4,300:-	
Earnings	2,500:-	
	Total 27,500:- Finnish	
	Marks per ton.	

The price of Multi Wall Bag Paper to-day is 31,000:- Finnish Marks per ton f.o.b.

Helsinki, September 7, 1950.

Discussion of Justification for I.B.R.D. Financing of Local Currency Costs 1. On a purely economic basis, Finland is sufficiently creditworthy to undertake a foreign exchange obligation, if necessary a dollar obligation, in order to finance part of the local currency cost of the project:

Finland hoan Sept. 5, 1950

- (a) As explained in the First Loan Administration Report, dated June 28, 1950, Finland's overall balance of payments prospects are good and her dollar position seems sound. With direct exports to the U.S. of about \$35 million annually, and few vital imports from the U.S., she should have no difficulty in servicing her dollar debt of \$186 million, though some refinancing will probably be necessary in the years 195h-1958 in order to smooth out a somewhat embarrassing peak of maturities;
- (b) Since this Report was prepared, Finland's outlook has been further improved by the conclusion of a five-year trade agreement with the U.S.S.R. which provides for continuation of the present volume of commercial trade and for continuation of exports of reparations goods on a commercial basis after 1952. The agreement will enable Finland to import increasing quantities of wheat and petroleum from the U.S.S.R., commodities which might otherwise have to be paid for in dollars;
- (c) The project itself would improve the overall balance of payments position by some \$1 - 1 million per annum and the dollar balance of payment position by about \$1 million per annum. This is more than sufficient to service the maximum additional debt which would be involved.

2. The bleaching plant project is of such economic urgency that it would be preferable to use borrowing capacity on this project rather than on alternative projects involving direct foreign exchange requirements:

- (a) Since the Finnish Government have not expressed any desire to borrow from the Bank for projects involving considerable direct foreign exchange assistance but have, on the other hand, requested financing of the bleaching plant project, they presumably regard this project as the most urgent;
- (b) Indeed, it is not impossible that, if the Bank indicated its willingness to finance the bleaching plant project within the \$12¹/₂ million loan granted August 1, 1949, the Finnish Government would, in view of the large foreign exchange benefits to be derived, even substitute the project for some of those presently contemplated under that loan;
- (c) Nevertheless, the Bank might usefully seek further information to confirm that the project is, in fact, of the highest priority.

3. The Finnish Cellulose Association have intimated that local currency costs of the project cannot reasonably be met out of available domestic resources:

(a) It is not feasible to issue shares to the public to cover any substantial part of the internal costs of the project. Shares in joint stock companies are not very attractive to Finnish private investors, who mainly prefer bank deposits and mortgages; as a result quotations on the Helsinki Stock Exchange are largely nominal and the turnover is small. This condition is itself due to the fact that profits are not distributed as dividends but, owing to the tight capital market, are used by the companies for

- 2 -

expansion purposes. Nevertheless, it is clearly necessary for I.B.R.D. to investigate the possibility of raising some additional equity capital from the group of five woodworking companies who own Sunila;

- (b) Prospects of raising capital from the commercial banks, who do not favor long-term lending, are slight. It is already planned to raise about \$\frac{2}{2}\$ million in the form of short-term bank loans which, presumably, will become, in effect, long-term loans, but this seems to be the limit of commercial bank participation;
- (c) It might be argued that, if the Finnish Government consider the project one of high priority, credit should be advanced by the Bank of Finland on a long-term basis. However, under present inflationary financial conditions (see below), this would only be wise if, at the same time, credit was withheld from other applicants, who presumably are presently considered more important. Here again, further investigation is clearly desirable;
- (d) Finally, the Government itself could hardly finance such a project through the budget. With an Agrarian Government and a Social-Democrat-Communist opposition, direct government assistance is politically impossible. Moreover, there is already a serious budget deficit and the Government is having to restrict the flow of funds in all directions even though in some cases, such as housing and unemployment relief, this will have a depressive effect upon the well-being of the Finnish population.

- 3 -

h. External financial assistance is needed in order to prevent the investment from aggravating the already serious inflationary situation in Finland:

- (a) The inflationary situation is due, in the first instance, to heavy reconstruction and reparations expenditures which are, fortunately, now declining. It has been aggravated by the reemergence in 1949 and 1950 of a substantial inflationary budget deficit and by a drive for large increases in real wages at a tima when the country's capacity to sustain higher living standards has been reduced by a setback in the terms of trade. In January last, after a wage crisis, the Government agreed to a wage increase of 15% and reintroduction of a link between wages and the cost of living. Since prices rose by over 11% in the first seven months of this year, there have already been automatic wage increases. Moreover, the trade unions have recently launched a new drive for pay increases ranging from 20-50%, backed up by strike threats; and 65,000 motal workers want on strike on the 28 August. Stabilization of the situation is extremely difficult since the Social-Democrats, who control the unions, are competing with the Communists in opposing the Agrarian-Conservative Government. They are, therefore, actively supporting further wage increases. Even if a new government were formed it is unlikely that any combination of parties could resolve the wages problem without continued inflation;
- (b) It can be demonstrated that construction of the bleaching plant project would require increased imports. Since there are practically no unused materials and facilities in Finland, increased

- 4 -

imports would be required for the project unless these resources were drawn away from other investment or from consumption. In the case of labor, there is a certain amount of unemployment (it reached a peak of nearly 60,000 last year) and some of this might be directly or indirectly absorbed by the project, so increasing consumption and, therefore, import needs. To the extent that labor was drawn away from other activities, increased imports would clearly be needed if other investment and consumption were not to be reduced.

- (c) Even if only direct imports are considered, the project would add to import requirements in the form of coal for cement production, and iron and steel and possibly other raw materials for production of buildings and machinery. Also, there would be a reduction in exports insofar as lumber, wallboard, etc. are required for construction of the plant. Once more, it would be necessary to undertake a special inquiry if exact figures are required.
- (d) The effect of the investment upon the economy would be distinctly inflationary unless all the imports, direct and indirect, engendered by the project were financed from external sources, or unless other measures were taken to neutralize them.

5. In the light of all the above considerations there seems to be a <u>prima facie</u> case for the Bank, in conformity with its new policy regarding the financing of local currency costs of projects, to finance a part of these costs in the case of Finland's bleaching plant project. It is, however, clear that the precise extent to which Bank financing would be justified

- 5 -

would depend upon the results of a careful investigation of:

- (a) the possibilities of raising the capital in Finland;
- (b) the extent of the inflationary effect of the investment on the Finnish economy;
- (c) the feasibility of other measures being taken to counteract this effect.

HWR: js:#2097 Sept.5, 1950



. _______ September 5, 1950. C/OB/LT/№ 868 Julud Locu

AIR MAIL

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

Gentlemen,

We are enclosing our monthly report for August 1950 on Payments, Clearing and Similar Agreements, for your service.

Yours faithfully, Suomen Pankki - Finlands Bank Tuestica

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Enclo.

SEP 8 A 34 PM 1950

RECEIVED

INTERNATIONAL BANK FOF RECONST. AND DEVEL.

SEP 8 4 34 PM 1950

EUCTO*

Pankki - Finlands Bank Yours faithfully,

SCTVICE. ing and Similar Agreements, for your report for August 1950 on Payments, Clear-

Washington 25, D.C. International Bank for

September 5, 1950.

Helsinki, September 4, 1950. I/JG/LT/Nº 864



AIR MAIL

International Bank for Reconstruction and Development. Washington,D.C.

Re: IB-16-FI-II, Woodworking Industries Project.

Gentlemen.

On behalf of the Central Association of Finnish Woodworking Industries, of our city, we are enclosing their letter to you dated September 2nd, together with a letter of Tervakoski Osakeyhtiö, Tervakoski, addressed to you under date of 31st August regarding two purchases from West-Germany. anna.

Yours faithfully, Pankki - Finlands Bank Suomer

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THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellutose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

MJ/ED

Helsinki, September 2, 1950.

International Bank for Reconstruction and Development,

Washington

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

Enclosed we are sending you Tervakoski Osakeyhtiö's letter of August 31st regarding two purchases from West-Germany. We would appreciate getting your approval soonest pos-

sible.

Yours very truly

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

any

Enclosure

Tervakoski Osakeyhtiö

PAPER MILL FOUNDED IN 1818

TERVAKOSKI GG:dg TELEGRAMS & CABLES TERVAKOSKI - RIIHIMÄKI POSTAL ADDRESS TERVAKOSKI, FINLAND August 31st, 1950

International Bank for Reconstruction and Development

Washington / U.S.A.

Gentlemen:

Tervakoski Osakeyhtiö's loan from International Bank for Reconstruction and Development: US\$100.000.-

We wish to inform you that we have ordered from Messrs. Goebel A.G. of Darmstadt, Germany

2 Precision Slitting and Roll Winding Machines (IB-16-FI-9-(v))

at a total price of US\$18.282 .- , and from Jagenberg Werke A.G. of Düsseldorf, Germany

1 Cardboard Core Rolling and Gumming Machine (IB-16FI-II-9-(vi))

at US\$4.231 .-. Total amount US\$22.513 .-.

This amount we would like to pay from our loan with your bank. We refer to our specification given to the Central Organisation of the Finnish Woodworking Industries on June 14th, 1949 and our letter to you of May 22nd, 1950. In accordance with these there still remains US\$19.000.- of pos. 3 and US\$3.000.-, Driving gear, of pos. 1. The remaining US\$513.- should also be paid from pos. 1, Engraving Roll with Bronze Shell (US\$7.000.-).

We hope that you will approve of this and considering that these orders are very urgent we would much appreciate your settling this matter as soon as possible.

Yours very truly,

TERVAKOSKI OSAKEYHTIÖ

PAPER MILL FOUNDED IN 1818

TEREVAKOSKI

TELEGRAMS ACABLES TERVAKOSKI - RIJHIMAKI POSTAL ADDRESS TERVAKOSKI, FINLAND Åugust 51st, 1950

der ge

international bank for Reconstruction and Development

Washington / U.S.A.

සි Centlemen: O

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Tervakoski Osakeyhtiö's Loan from International Bank for Reconstruction and Development; US\$100.000.-

We wish to inform you that we have ordered from Messars. Goebel A.G. of Darmstedt, Germany

2 Precision Slitting and Roll minding machines (IB-16-FI-9-(V))

at a total price of US\$18.282.-, and from Jagenberg Werke A.G. of Düsseldorf, Germany

1 Cardboard Core Holling and Gumming Machine (IB-16FI-II-9-(vi))

at US 4.231 .-. Total amount US 22.515 .-.

This amount we would like to pay from our loan with your bank. We refer to our specification given to the Central Organisation of the Finnish Woodworking Industries on June 14th, 1949 and our letter to you of May 22nd, 1950. In accordance with these there still remains US019.000.- of pos. 5 and US05.000.-, Driving gear, of pos. 1. The remaining US0515.- should also be paid from pos. 1, Engraving Roll with Bronze Shell (US07.000.-).

We hope that you will approve of this and considering that these orders are very urgent we would much appreciate your settling this matter as soon as possible.

Yours very truly, TERVAROCKI OSAKEYHTIÖ Сору

BELOIT EXPORT CORPORATION

European Branch

26, Rue de la Pepiniere PARIS, FRANCE

Gaston J. Bertrand Vice-President Telephone: LaBorde 03-40 Cables: Berler, Paris

Helsinki, September 2nd, 1950.

1842

Finland Roan

Enso-Gutzeit Osakeyhtiö, <u>Helsinki</u> Finland

Gentlemen:

Further to our different meetings in Helsinki, we have the pleasure of confirming the Beloit Iron Works agreement on the conditions of the order you have kindly offered for the new 226" kraft paper machine quoted August 5.

The specification and contract are made separately but we want to condense hereafter the main points of this agreement.

1. Beloit will supply to your Company

- a) the machine with mechanical drive and winder for US.\$ 1.685.000.
- b) spare parts as supplied for your Kaukopää machine for \$ 127.000.

2. A new differential drive will be supplied in place of the mechanical drive originally quoted. An extra charge of 30.000.

will be included in the contract.

Several differential drives are under erection and will be running within the next few months. You will so be able to examine them and decide whether this drive will be built for your machine.

2.

3. The escalation clause will be limited to a maximum of 10%. This escalation however will not be applied to the spare parts.

4. Payments will be made as follows:

\$ 750.000 with the order 500.000 with the first shipment the balance with the last shipment.

5% of the total amount of this contract will be retained until 30 days after the start up of the machine, or 3 months after the completion of the erection of the machinery supplied. by Beloit if the start up was delayed for reasons beyond their control.

5. The delivery of this equipment will be completed by February 1st 1952 and the erection started by September 1951.

We wish to thank you most sincerely for this new mark of confidence to Beloit and we assure you that all cares and efforts will be made by all the Beloit organisation to give you full satisfaction.

It will be a great pleasure for us to cooperate with your technicians in building such a fine plant.

Very truly yours, BELOIT EXPORT CORPORATION G.J. Bertrand September 1,1950

Dear Mr. Hallama:

Reference is made to the Bank of Finland's letter of August 2, 1950, and subsequent cable of August 10, and to a cable received from the Central Association of Finnish Woodworking Industrates of August 25, concerning payment for Item II-7-(iv) of the list of goods for the \$12.5 million loan to the Bank of Finland.

The Bank's further requirements are set out in the following cable, the text of which was given to you by telephone this morning. If agreeable to you I should be grateful if you would send a cable along these lines to the Bank of Finland:

"Serlachius Item II-7-(iv) - Central Association of Woodworking Industries cable not sufficient to enable IBRD to understand following points. (A) Why contract made with Wiemeyer; (B) Why terms of payment in connection this transaction differ from Voith usual terms described in General Conditions No. 301 AP; (C) What is nature of guarantee to be given by Dutch Bank; (D) Why cable refers to future partial payments against letter of credit since contract provides only for two 50% payments. Bank has received letter from Voith to Wiemeyer providing for payments comparable to those from Serlachius to Wiemeyer. Bank of Finland letter August 2 did not constitute an application for withdrawal under the loan and therefore the Bank could take no disbursement action nor was the letter sufficiently detailed to enable the Bank to agree in principle. IBRD emphasize they have only received piecemeal and sometimes contradictory information regarding this transaction and are anxious to get a complete detailed explanation of the entire transaction and the methods by which withdrawals under the loan might be effected and an application for withdrawal"

Yours very truly,

Finland Loans

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, NW Washington, D.C.

SRC/pmk Brion

(Cleared with Legal and Treasurer's Departments)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO:

FROM:

DATE: August 22, 1950

Fi/w

w

SUBJECT:

FORM No. 57 (5-48)

Loan to the Bank of Finland - Woodworking Industries Category

Attached to his letter of August 14, 1950, Mr. Hallama sent us end use reports on 30 of the 33 vouchers which we sent to Finland before deciding to discontinue the practice. These end use reports, which represent goods valued at \$441,591.52, show that the system of controls established by the Central Association of Finnish Woodworking Industries operates satisfactorily.

No action required.

Mr. Henry W. Riley

Norman G. Jones

BPSpiro:ea

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Henry W. Riley

DATE: August 21, 1950

Filles Vor

FROM: Norman G. Jon

SUBJECT:

Bank of Finland Loan - Electric Power Projects

Attached to their letter of August 14, 1950, the Bank of Finland sent us the first progress reports on three of the projects of this category. According to these reports the situation is as follows:

3(a) Imatra Power Company, Ltd. - Imatra Water Power Plant.

The project consists of the purchase of one 3-phase alternator, 40,000 kVA, 10.5 kV, 50 cycles, 150 R.P.M., for direct coupling to a vertical Kaplan turbine. The Bank's participation amounts to \$180,801.00 The equipment is expected to be received in Finland in February 1951 and the project is expected to be completed during June 1951.

3(b) & (d) Imatra Power Company, Ltd. - Petäjävesi Substation.

The project includes the purchase of one 3-phase synchronized condenser, 30,000 kVA, 10.5 kV, 50 cycles, 600 R.P.M., equipped with a direct coupled exciter and starting motor. The Bank's participation amounts to \$154,332.30. The condenser was received in Finland on the 26th of June, 1950 and was forwarded to the Petäjävesi Substation. It is expected that it will be installed before the end of August 1950.

10 Oulu River Company - Excavator.

This project consists of the purchase of a Marion Type 7400 Walking Dragline. The Bank's participation amounts to \$472,108.64. The excavator reached Finland on July 25, 1950 and was forwarded to the Jylhämä Power Plant where it was received on August 7, 1950. The dragline is now being erected by specialists from the Marion Power Shovel Company of Marion, Ohio, and it is expected that the erection work will take about three months.

These reports do not appear to call for any action.

(BPSpiro:ea

(Cleared with Legal and Treasurer's Depts.)

August 21, 1950

Dear Mr. Hallama:

I refer to the Bank of Finland's letter of August 2, 1950, (ref. TT/K.725/MJ) a copy of which has been hunded to you, concerning payment for item II-7-(iv) of the list of goods for the \$12.5 million loan to the Bank of Finland.

The documentation submitted with the above letter failed to answer the questions addressed to the Bank of Finland in your cable X67 of June 14, and our cable of July 6, 1950.

The Bank's requirements are set out in the following cable, the text of which was given to you by telephone this morning. If agreeable to you, I should be grateful if you would send a cable along these lines to the Bank of Finland:

" Serlachius Item II-7-(iv). Following is statement IBRD attitude.

On basis documentation submitted IBRD unable to understand why contract made with Wiemeyer and not directly with Voith, also why Wiemeyer to be paid sooner and in larger amounts than appears will be paid under Voith General Conditions. Does Wiemeyer have contract with Voith in respect of delivery of machinery? If so, furnish IERD with copy. Application for withdrawal has not been submitted to IBRD. Do you intend to ask for advance payment or for reimbursement? Also is letter of credit arrangement involved and if so with whom? IERD has no objection in principle to a down payment but needs information as requested above and also proper evidence that amount has been or will be received by Voith."

IP/pmk c. Messrs. tion, Street, ss Morsey

Mr. J. Hallama Secretary, Legation of Finland Washington, D.C. Yours very truly, R S. R. Cope

Loan Officer

Finland Loan

August 21, 1950

FINDANDLO

Mr. Gordon M. Street L. Gray Marshall

Referring to our conversation concerning a service erection engineer for a combustion engineering boiler recovery unit, it is my opinion that it will take approximately 6 months to install the type of boiler referred to and the average cost should not be higher than \$50.00 a day for engineer's services. It is assumed that transportation cost will be \$815.70 and the service fee of not more than \$9,000 which would make a total of \$9,815.70.

If more exact information is desired, I would be very gald to call Combustion directly and get the detailed information.

IGMarshall:mmcn

and hoan



Helsinki, 19th gust, 1950. V KK/PÖ K.819.

BY AIR MAIL.

International Bank for Reconstruction and Development,

Washington D.C.

Gentlemen:

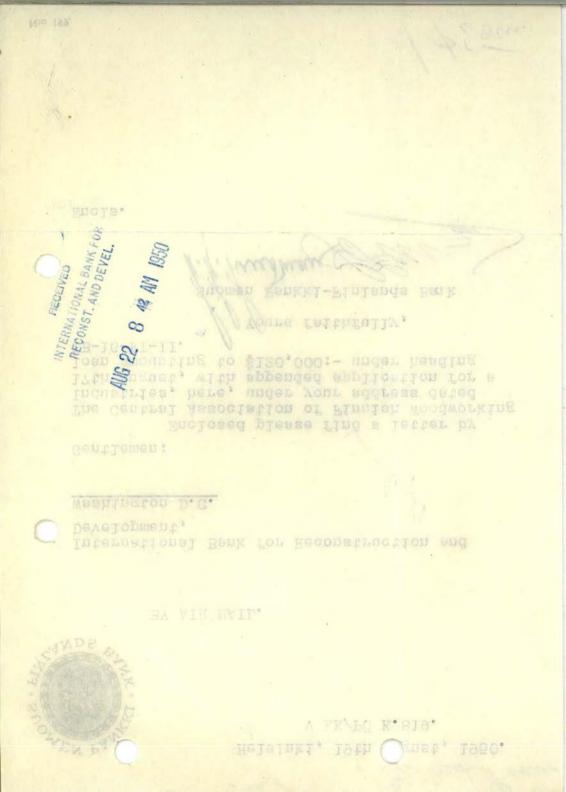
Enclosed please find a letter by The Central Association of Finnish Woodworking Industries, here, under your address dated 17th August, with appended application for a loan amounting to \$120,000:- under heading IB-16-FI-II.

Yours faithfully,

Suomen Pankki-Finlands Bank

Encls.

1. prom



FINLAND - Loan #16 FI

Working Party Memorandum

12:00 Noon - August 18, 1950

Those present were:

Rene Brion, Treasurer's Gordon M. Street, Treasurer's Neil J. Paterson, Loan Virginia Morsey, Legal

With reference to Finlands Bank letter of August 2, the Working Party considered the following background:

1. On June 9, 1950, the Bank included in the list of goods for the above loan one complete Fourdrinier paper machine for the amount of \$1,070,920. This machine was to be used by the Finnish woodworking company of G.A. Serlachius and was to be purchased from the West German company of J. A. Voith.

The method of payment for this equipment has been causing some difficulty. The Finns in a cable of June 8, 1950 to Mr. Hallama, Borrower's representative, proposed that payment might be effected through a Dutch bank which would issue a dollar guarantee ensuring either delivery of equipment or refund of dollars to Serlachius, which arrangement Serlachius stated they would like to take considering the circumstances in Germany.

2. Mr. Hallama was informed that the Bank, before taking a decision, would require a fuller account of the guarantee transaction, including the name of the Dutch bank. In reply to Mr. Hallama's cable on this point a cable dated June 13th was received which did not add any further information, but requested a decision by the Bank.

3. The Bank replied on June 14, through Mr. Hallama, suggesting a procedure for financing the transaction which would be acceptable to the Bank. Having in mind the original proposal that a Dutch bank would be in the picture, the suggestion was that the IBRD deposit collateral to secure a letter of credit confirmed by the Dutch bank or, alternatively, that the IBRD guarantee payments made under the letter of credit. The only reply was a cable dated July 5, asking our agreement to payment of about \$500,000 to purchasing agent Carl Wiemeyer, Amsterdam. The Bank replied that it could not agree until receipt of information regarding payment arrangements.

4. The only documentation, however, submitted to the Bank since this reply has been two letters from Wiemeyer to Serlachius setting forth terms on which he would sell to the Finns and also attaching a copy of the Voith General Conditions of Sale. A translation of this documentation, which was submitted in German, is attached. No mention is made in it of a Dutch bank, letter of credit or a dollar guarantee.

-2-

5. In terms of the documents submitted, a down payment of 50% to Carl Wiemeyer was called for on August 1 (some 10 days before documents were received) and final payment is to be made against the first delivery, or in about five months. The Voith General Conditions provide for

> 1/3 with confirmation of order 1/3 at half-way point in delivery period 1/3 when main articles ready for shipment

It appears that the Finns do not propose using a letter of credit although they would probably be open to suggestion on this point. The Bank has received no indication as to how payment is to be effected in spite of repeated queries.

and recommend that, in view of this confused and contradictory picture, the following cable be sent by the Legation of Finland:

Serlachius Item II-7-(iv). Following is statement IBRD attitude. On basis documentation submitted IERD unable to understand why contract made with Wiemeyer and not directly with Voith, also why Wiemeyer to be paid sconer and in larger amounts than appears will be paid under Voith General Conditions. Does Wiemeyer have contract with Voith in respect of delivery of machinery? If so, furnish IBRD with copy. Application for withdrawal has not been submitted to IBRD. Do you intend to ask for advance payment or for reimbursement? Also is letter of credit arrangement involved and if so with whom? IBRD has no objection in principle to a down payment but needs information as requested above and also proper evidence that emount has been or will be received by Voith.

mvp

THE CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellutose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

MJ/ED

17.8.1950

und hoar

International Bank for Reconstruction and Development, <u>Washington</u> U.S.A.

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

Referring to our letter of May 12, 1950, and to Mr. Cope's letter to Suomen Pankki of June 5, 1950, we enclosed send to you the translation of Oulu Osakeyhtiö's re-application for a loan of <u>\$ 120.000:-</u> for purchase of the <u>Hydraulic Dredge</u>.

We recommend that this application be approved.

Yours very truly,

THE CENTRAL ACCOSIATION OF FINNISH WOODWORKING INDUSTRIES

franky

1 translation.

August 16, 1950

Fifthe Power

Letter No. EU/431

Bank of Finland,

Helsinki, Finland.

Attention: Mr. Tauriala

Gentlemen:

We wish to acknowledge receipt with thanks of your letter No. V/KK/K/793/MJ of August 11, 1950, to which was attached the Schedule of Purchases and Deliveries for the Electric Power Projects for the month of July 1950, together with reports No. 30 to 38. While these documents provide us with the information we desire, we believe that the work involved by EKONO in the preparation of these monthly reports could be facilitated if the suggestions contained in our letter No. EU/349 of July 14, 1950 were followed. If these suggestions are applied EKONO would only have to prepare one report each month, namely a cumulative Schedule of Purchases and Deliveries along the lines of the draft form attached. You will note from this form that it differs from the schedule which EKONO has been preparing in the past only to the extent that it is cumulative instead of being on a monthly basis. As you are aware, this procedure, which has already been adopted by the Finnish Association of Woodworking Industries and by the Lime Association, appears to be working out very satisfactorily and eliminates the necessity for the preparation of separate reports on each shipment.

The cumulative Schedule of Purchases and Deliveries should be forwarded to us in its original form only without copies. Further, we would appreciate it if you could address it in the future to the Bank for attention of the Treasurer's Department.

Very truly yours,

Henry W. Riley Assistant Treasurer

Sund

BPSpiro: ea

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Henry W. Riley FROM: Norman G. Jones DATE: August 16, 1950

Ju / Elec Police

SUBJECT:

Bank of Finland Loan - Electric Power Projects - Schedule of Purchases and Deliveries for the month of July 1950

Attached to their letter of August 11, 1950, the Bank of Finland sent us the Schedule of Purchases and Deliveries for the month of July 1950 and end use reports No. 30 to 38, inclusive. These end use reports cover the remaining vouchers which we sent to Finland prior to deciding that they need no longer be prepared since the Schedule of Purchases and Deliveries includes now the same information.

The Schedule of Purchases and Deliveries is not prepared on a cumulative basis and a letter is being sent to the Bank of Finland pointing out this fact. An analysis of the documents referred to in the first paragraph of this memorandum shows that the situation of this category is as follows:

		June 30, 1950	July 31, 1950
	Amount of orders for projects in which the Bank participates	\$1,731,332.53	\$1,731,332.53
2.	Amount of loan funds allocated to the projects for which orders have been placed	\$1,348,837.00	\$1,348,837.00
3.	Disbursements made by the Bank Value of equipment installed, in	\$ 399,712.21	\$ 904,290.00
5.	operation or in storage in Finland Value of equipment installed or in	\$ 193,629.23	\$ 223,973.29
	storage for which end use reports have been received	\$ 139,703.20	\$ 180,746.07.

No other action than that referred to in the second paragraph above, namely the sending of a letter to the Bank of Finland, appears to be required at the present time. FORM No. 57 (5-48)

INTERNATIONA! BANK FOR RECONSTRUCTION AND DEVELOPMENT

Lopura.

OFFICE MEMORANDUM

TO:	THE FILES	DATE:	August	14,	1950
FROM:	Benjamin P. Spiro				
SUBJECT:	Bank of Finland Loan - Woodworking Industries	Catego	ries	5	

While speaking to Mr. Hallama of the Finnish Legation this afternoon he mentioned that he had received from Finland a batch of end use reports on loan financed equipment. He mentioned that the reports he had received looked like duplicates and he enquired whether we had received the originals. I answered him that we had not and that even though we do not require such end use reports any longer, we would appreciate having the opportunity of seeing the ones in his possession. He mentioned that he would forward them to us tomorrow.

BPSpiro:ea

FILE COPY . Finland Loan

Mesors. Ripman, Butland and Street Robert W. Cavanaugh August 14, 1950

Loan Number 16 FI - Suomen Pankki-Finlands Bank.

Flease refer to our memorandum of June 30th in connection with the changes in category made on the books of this Division as a result of the modification of the List of Goods approved on June 9th. In view of the fact that the approval applied only to the amounts for the main projects, we have now consolidated our records and will keep a breakdown limited to the main projects as shown on the attached schedule.

sax Attachment. WCPRutland/pio

Revised Category Breakdown for Loan No. 16 FI Sugmen Pankki--Finlands Bank

Getegory	Original Lean <u>Commitment</u>	Transfers Between <u>Gategories</u>	Original Loan Commitment <u>as Adjusted</u>
Electric Power Project	\$ 2,000,000	\$ 250,000 Dr.	\$ 1,750,000
Woodworking Industries Project	10,000,000	450,000	10,450,000
Limestone Grinding Project	350,000	50,000 Br.	300,000
To Be Allocated	150,000	150,000 Dr.	
Totals	\$ 12,500,000	\$	\$ 12,500,000

Treasurer's Department August 14, 1950 FORM NO. 26 (1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: AUGUST 14, 1950

TO:	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
FROM:	HELSINKI

	ROUTING
ACTION COPY	TO MR.CRENA DE IONGH
INFORMATION	СОРҮ ТО
Decoded By	

and the

TEXT:

ATTENTION ALDEWERELD

side for

SUOMEN PANKKIS LETTER 2/8 AND CABLE 10/8 RE PAYMENT SERLACHUS GREASEPROOF PAPER MASCHIN AND AUXILIARY EQUIPMENT. SERLACHIUS VERY ANXIOUS TO GET YOUR APPROVAL. SUPPLIER DEMANDS PAYMENT WITHOUT FURTHER DELAY. PLEASE CABLE WHEN PAYMENT BANKERSTRUST WILL BE MADE.

PUULIITTO

(FINNISH WOODWORKING INDUSTRIES)

ORIGINAL

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

AUG 15 9 42 AM 1950

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RECEIPTION OF VER FOR

Within Ter 1950

FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Henry W. Riley DATE: August 11, 1950

Ji/humseters

FROM:

SUBJECT:

Norman G. Jones

Bank of Finland Loan - Limestone Grinding Project July Schedule of Purchases and Deliveries

Under cover of their letter No. 724 dated August 2, 1950, the Bank of Finland sent us cumulative Schedule of Purchases and Deliveries for the Limestone Grinding Projects as of July 31 in the revised form. The following table shows the situation as at the end of the periods ending respectively May 31 and July 31, 1950:

		May 31, 1950	July 31, 1950
1.	Amount of orders placed for pro- jects in which the Bank parti- cipates	\$107,866.30	\$107,866.30 13,200 D.Kr. 751,300
2.	Total payments made by the Bank of Finland to manufacturers	\$ 12,665.44	\$104,478.55 D.Kr. 187,825
3.	Disbursements made by the Bank	\$ 10,164.00	\$ 30,956.87
4.	Value of equipment received in Finland	\$ 12,665.44	\$ 15,293.44
5.	Value of equipment put into operation		\$ 12,773.44

It has been noted from this schedule that five orders which had been promised fob factory on or before May 31, 1950, had not arrived in Finland as at July 31. This matter does not appear to call for any action at this time but should be reviewed upon receipt of the next Schedule of Purchases and Deliveries. No dates of promised delivery fob factory have been given for the orders placed in the U.K. and in Denmark.

No action appears to be required at this time.

BPSpiro:ea

Helsinki llth August, 1950. V/KK/K.793, MJ. Elec Power

VIA AIR MAIL



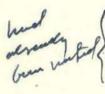
International Bank for Reconstruction and Development, Washington 25, D.C.

Gentlemen,

Finnish Loan IB-16FI

We have pleasure in enclosing the Monthly Report, Schedule of Purchases and Deliveries under the above loan for the month of July 1950 in two copies as well as the Reports NN 30-38 concerning the Electric Power Projects, also in two copies.

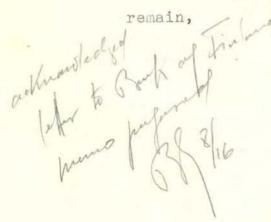
As for the report numbers, we would point out that the summaries N6 (20/4/50), 7 (15/5/50) and 8 (1/6/50) contained 2 vouchers each, although you mentioned only one in each summary. The following vouchers were omitted by you:



ummary	Nº 6	\$5.194.46
TT	Nº 7	\$2.597.00
ŦT	Nº 6	\$19.726.34

Consequently, our last report number is 38 instead of 35 indicated by you.

We hope that you will find this correct and



Su

storen pankki-finlands bank

Yours faithfully,

Enclos.

OULU OSAKEYHTIÖ Oulu

The Central Association of Finnish Woodworking Industries Unioninkatu 19 Helsinki

Our ref. AOK/GS Date: Aug. 10, 1950

Finland Boan

Translation.

Dear Sirs,

Loan IB-16-Fi-II from International Bank

Referring to the copy of letter of June 5, 1950 sent by the Manager of the International Bank Loan Department to the Bank of Finland, we wish to mention the following regarding the Hydraulic Dredge in question.

Even though the Dredge cannot be considered a woodworking machine, conditions at Perämeri Sea are so exceptional, with the Eastern coast rising continuously at the rate of 1 cm a year, that, in order to secure the production capacity of e.g. our Company's woodworking industry, very extensive dredging work must be carried out at the river mouths from the sorting works of which the Company receives the raw wood it requires.

Apart from the dredging jobs necessitated by the sorting places and storage areas getting shallower, the Hydraulic Dredge in question would be used to open a deep harbour at the Company's sulphate mill quay. This harbour has been projected ever since the mill was established: its necessity grows ever greater as the present harbour area of Oulu at Toppila becomes too small for the continuously growing traffic. This work alone involves the dredging of some 1,000,000 cu.m.

As the purchase of the Hydraulic Dredge, therefore, must be considered a key to the problem of the continued activities of Oulu Osakeyhtiö, both technically and economically, we hope the International Bank will sæ their way to granting the additional loan required for the purchases of the Hydraulic Dredge, \$120,000:against Loan IB-16-Fi-II.

This purchases is planned to be defrayed with the following lots of currency:

1.	Loan granted by Exim Bank (USA/III)	approx.	\$	85,000
2.	From Oulu Osakeyhtiö's 10% allocation			
	of export dollars	11	ø	25,000
3.	From Interbank Loan IB-16-Fi-II	11	\$	120,000
			\$	230,000

We hope that the above detailed statement of the case will lead to a positive decision in the granting of this credit.

> Yours faithfully, OULU OSAKEYHTIÖ signatures

FORM No. 26 (1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: AUGUST 10, 1950

HELSINKI

ROUTING

Fuland hoan ?

ACTION COPY TO MR.ALDEWERELD INFORMATION COPY TO

1. 1. 1. 1. 1. 1.

Decoded By

TEXT:

FROM:

TO:

ATTENTION ALDEWERELD

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

OUR LETTER AUGUST 2 PURCHASE SERLACHIUS AT REQUEST OUR CUSTOMER SHALL APPRECIATE YOUR CABLE ANSWER YOUR EARLY CONVENIENCE.

SUOMEN-PANKKI

(SUOMEN PANKKI-FINLANDS BANK)

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

AUG 11 10 30 AM 1950

(SUONEH-PANCEI (SUONEH-PANCEI SANKI-FIELANDE BANK)

COMANDIEMCE.

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INTERIOR.

RECONSTRUCTION VHD DELARCED SHOW

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ICTION CORN TOMIC, ALDERGRAD INFORMATION COPY TO Jacadad By

INCOMING MINE

INTEEMATICHAL SANK FOR RECONSTRUCTION AND DEVELOPMENT

Finland loan

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8, D. C.

No. 3885

August 7, 1950

Mr. S. R. Cope Loan Officer, Loan Division International Bank for Reconstruction and Development 1818 H Street, Northwest Washington 25, D.C.

rec'd fulles

Dear Mr. Cope:

Conforming to the stipulations of the Guarantee Agreement dated August 1, 1949, between the Republic of Finland and the International Bank for Reconstruction and Development, I have the pleasure to send you the following documentations, in duplicate, in the Swedish language;

Reserver

- Resolution of the State Council No. 392/50 of July 29, 1950, concerning the price control to be applied from August 1, 1950.
- c) Law No. 971/48 of December 30, 1948, concerning the regulations of the economic life in exceptional circumstances.

Very truly yours,

Jaakko Hallama Secretary of Legation

JH:db enclosures

Mr Hallama States no acka, requered

No. 75 48)

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	Filing	Noting	and Returning
	Full Report	Recomme	endation
	Information	Signatu	ire

REMARKS

FROM- GENERAL FILES AND CORRESPONDENCE, Archives Division



Helsinki, August 4,1950. C/PK/K.731/HV.

Finl Loan

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

Gentlemen:

Please find enclosed the Monthly Report on Payments, Clearing and Similar Agreements for the month of July, 1950.

Yours faithfully,

SUOMEN PANKKI - FINLANDS BANK

J. Samuel

eller

Encl.

Hels ci, 2nd August, 1950. TT/K.725/MJ.



VIA AIR MAIL

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

Attention: Mr. S. Aldewereld.

Gentlemen,

With reference to your cablegram of the 7th July and ours of the 1st August, 1950, we enclose the documentation regarding the purchase of a complete Fourdrinier paper Machine for Greaseproof by the G.A. Serlachius Osakeyhtiö under IB 16-II-7(iv) Loan. Kindly inform to us whether we may transfer 50% of the purchase price through the Bankers Trust Company, New York, in accordance with the purchase contract.

Yours faithfully,

7 Enclos.

RECEIVED INTERNATIONAL BANK FOP RECONST. AND DEVEL. .

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Development, direton, 25, D.C. miton: Mr. S. Aldewerel

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Toe.

FORM NO. 26 (1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE:	AUGUST 1, 1950.	
TO:	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	ACT
FROM:	HELSINKI	INF

	ROUTIN	NG	
ACTION COPY	Contraction of the contract of	ALDEWERELD	
	MR.	PATERSON	
INFORMATION	СОРУ ТО		

Finland Loan

Decoded By

TEXT:

ATTENTION ALDEWERELD

YOURS 6/7 DOCUMENTATION TO BE AIRMAILED TOMORROW.

SUOMEN PANKKI FINLAND BANK WITERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

AUGUST 1, 1950

INTERNATIONAL BANK FOR RECOMPTION AND DEVELOPMENT

HELSINKI

TXT

INFORMATION COPY TA

THREWSCLEA HOLTWERTY

YOURS 6/7 DOCUMENTATION TO BE AIRMAILED TOMORROW.

SUCMEN PANKSI

AUG 1 12 47 PM 1950

NOT ANA JANGITAN FOR JAVAC GNA . TENODAR

DUPLICAT

cc: Price Waterhouse

July 31, 1950

Feelond Low

Mr. Artturi Lehtinen, Commercial Counselor Legation of Finland 21hh Wyoming Avenue Washington, D. C.

Dear Sir:

Our Auditors, Price, Waterhouse & Co., 1000 Vermont Avenue, N.W., Washington, D.C., state that you have furnished them with information on Loan No. 16 and Loan No. 21, indicating amounts paid by your customers for deliveries under the loans granted by this Bank to Finland. This is not the information desired by our auditors.

They wish you to confirm the amount disbursed by this Bank to you under each of these loans which had not be repaid by June 30, 1950. Our records indicate these balances to be:

Loan No. 16

Amount disbursed \$2,145,105.60 Repayment ______ Balance June 30,1950 \$2,145,105.60

\$2,145,105.60

Loan No. 21

Amount disbursed	\$ 301,593.95
Repayment	153,131.70
Balance June 30,1950	\$ 148,462.25

If you agree with these balances, please confirm them to our auditors as soon as possible as they are unable to furnish us with an unrestricted opinion until such action has been taken.

Sincerely yours,

Henry W. Riley Assistant Treasurer

RWCavanaugh;mg

July 31, 1950

An / Weadworking

File Memo

Loan to Bank of Finland IB 16 FI Non-Dollar Transactions Purchases in the U.K.

With reference to the memorandum dated July 27 on the Finland Woodworking Industries prepared by the End-Use Section, I called Mr. Hallama on the telephone this morning and re-emphasized that all payments should be made in Sterling to enable the Bank to disburse Sterling. This subject has already been covered by our letter of July 19 to Mr. Lehtinen to which letter I referred Mr. Hallama.

The Canadian purchases mentioned in the end-use memorandum have been discussed with the Finns and it was agreed that we would reimburse U. S. dollars. (See letter of June 20, 1950 to the Legation of Finland.

Regarding the purchases in Sweden, the Finns have not been requested to make payment in Swedish Kroner, however, the general question of nondollar transactions have been discussed thoroughly with Mr. Hallama at various times and he appreciates the Bank's position. Moreover, in view of the small amount involved and the fact that Sweden is not a member of the Bank, I do not think it necessary to make a special point in connection with this transaction.

G. M. Street

FORM NO. 26 (1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: JULY 31, 1950.

ALDEWERELD

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

TO:

FROM:

RCA

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

Finland Loan

TEXT:

RE YOUR CABLE OF JULY 6TH TO SUOMEN PANKKI FINLANDS BANK HELSINKI, FINLAND DULY DELIVERED 7/7 0730 ADDRESSEE ACKNOWLEDGES RECEIPT FOR SAME AND STATES WILL REPLY TODAY.

RCA

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

MAIN DULMODEL

LIA 31, 1930. SINGRATIONAL BANK DOR TOMASTICINAL BANK DOR DOMESTICINE AND TEVELOPMENT

CITON DON TO TO TO PATRONE

is your cashe of fills for to endure party finlands non deletiket, finland -their deletyered 7/7 of 30 analysere cosmications redisiff for same and coarses will evely coart.

ADS

VIC I IS 54 BM 1020

INTERNATIONAL BANK FOR RECONST. AND DEVEL.

TAPLEBUC

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8, D.C.

No. 3665

July 28, 1950

Fuilanty

ENC

Mr. Robert W. Cavanaugh Treasurer's Office International Bank for Reconstruction and Development 1818 H Street, Northwest Washington 25, D.C.

Dear Mr. Cavanaugh:

Pursuant to the telephone conversation with your secretary, I have the pleasure to enclose a copy of the letter prepared by Suomen Pankki on July 24, 1950 relative to the accounting of the IB-16-FI and IB-21-FI Loans granted to Finland by the International Bank for Reconstruction and Development.

Very truly yours,

Flander dealer

Artturi Lehtinen Commercial Counselor

L:db enclosure

July 27, 1950

Fil Ele Paus

Letter No. EU/386

Bank of Finland Helsinki, Finland

Attention: Mr. Tauriala

Gentlemen:

We have had an opportunity of reviewing the reports prepared by Kymin Co., Ltd. on the progress of the various projects toward the cost of which funds have been allocated in the List of Goods. While we have read these reports with great interest we do not feel that we need receive such extensive reports in the future and the report should merely be confined to the progress of the Woikka Hydroelectric Power Plant. We still however look forward to receiving in due course progress reports on the 8 other projects listed in our letter No. EU/273 of June 15, 1950.

Very truly yours

S. Aldewereld

BPSpiro:vp

ujellow copy filed on woodworking

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

DATE: July 27, 1950

TO: Mr. S. R. Cope

FROM:

SUBJECT:

M. Verheyen

Loan IB 16 FI Excess in sub-categories amount

Reference: Mr. N. J. Paterson's Memo of June 14, 1950

Confirming our telephone conversation I note you agree to exceed the sub-category amount in the following case.

Cat. III-3 (I to IV) Application #85-3-1 for \$5,054.02 exceeds by \$665.07 the amount allocated to that sub-category.

- mais

Mrs Kurle, fleare files

CC: Mr. Street Mr. Verheyen

FORM No. 57 (5-48) Letter from Carl Wiemeyer, Amsterdam, to G.A. Serlachius A.B., Maenttae, Finland. Translated by G.K. Goldberg

July 26, 1950

Translation

Re: Special Greaseproof Paper Machine J.M. Voith

We herewith confirm that we, as your representatives, will deliver a complete Special Greaseproof Paper Machine S-5500 mm under the following conditions and in accordance with the Delivery Conditions of J.M. Voith, Heidenheim, Printed Matter No.301 Pa.

The machine will be built according to Special Design Voith and is suitable for the production of greaseproof paper, free of wood (Parchment Substitute) with an output of approximately 40 tons in 24 hours. The total weight of the machine is approximately 19212,580 kilograms.

The price including packing, freight ,EO.B. Luebeck, and assembly, is according to the enclosed original statement Voith US\$ 1,070,920.00

The payments are to be made as follows:

50% on August 1, 1950

50% against shipping documents of the first part delavery.

The delivery will be carried out in such a way as to make December 15/the terminal date for assembly.

.....

As agreed, all correspondence concerning technical matters will be conducted by you directly with the firm of J.M. Voith, Heidenheim. N.V. HANDELSVENNOOTSCHAP

CARL WIEMEYER

AMSTERDAM

DEPT. B.

vH.

NO.

TELEGRAM - ADR. : WIEMEYER CODES: A.B.C. 5TH & 6TH ED. RUDOLF MOSSE-BENTLEY'S BANKIERS: DE TWENTSCHE BANK N.V., AMSTERDAM POSTGIRO 55663

AMSTERDAM, 26. Juli 1950.

G.A. Serlachius A.B.

Maenttae Finnland.

Sepzial-Greaseproof-Papiermaschine J.M. Voith

Wir bestätigen Ihnen hiermit, dass wir als Ihr EinKaufskontor auf Grund der Lieferungsbedingungen der Firma J.M.Voith Heidenheim, Drucksache Nr. 301 Pa, eine komplette Spezial-Greaseproof-Papiermaschine S - 5500mm zu nachstehenden Bedingungen liefern werden :

Die Maschine wird gebaut nach Sonderkonstruktion J.M. Voith und ist geeignet für Herstellung von holzfreien, fettdichten Papieren (Pergamentersatz) bei einer Leistung von etwa 40 t/24 Std. Das Gesamtgewicht der Maschine beträgt ca. 1.212.580 kg.

Der Preis einschliesslich Verpackung, Fracht fob Lübeck und Montage beträgt gemäss beiliegender Original Zusammenstellung Voith US-\$ 1.070.920.

Die Zahlungen haben zu erfolgen :

50% am 1. August 1950 50% gegen Verschiffungsdokumente der ersten Teillieferung.

Die Lieferung wird so durchgeführt, dass als Montageendtermin der 15. Dezember 1951 erreicht.wird.

Vereinbarungsgemäss wird der gesamte Schriftwechsel über technische Fragen direkt zwischen Ihnen und Firma J.M. Voith Heidenheim. geführt.

> 1316-11-2(iv) hochachtungsvoll N.V. MODELSVENNOOTSCHAP CAL WIEMEIJER 1316-11-2(iv)

INTERNATION IK FOR RECONSTRUCTION AND DEVELOPMENT

July 25, 1950

intered Loan

Mr. Iliff:

1. Attached for your approval and signature is a letter approving a requested alteration in the list of goods for the \$12.5 million loan to the Bank of Finland. The position taken in the suggested reply has the approval of the Working Party, and this draft has been cleared with Mr. Cope.

2. Also attached is a brief memo from Paterson relating to the matter.

Schmidt

Attachments The next what is the Bo

FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO:	Mr. N. J. Patterson DATE: July 25, 1950
FROM:	Mr. N. J. Patterson DATE: July 25, 1950 M. Verheyen
SUBJECT:	Loan IB 16 FI - Excess in sub-categories amounts
	Reference: Your Memo. of June 14th, 1950

Confirming our telephone conversation I note that you

agree to exceed the sub-categories amounts in the two following cases:

Cat. II-9-(ii)-b - Application # G 79-1-1 for \$9,166.11 exceeds by \$0.11 the amount allocated to that sub-category.

Cat. II-8-(i)

- Application # G 7-1-3, increased by \$2,519.73 exceeds by \$1.155.86 the amount allocated to that sub-category.

Mrs herele,

Mauld you set up a new file entitled "Finland #12.5m-CC: Mr. Street Manges Pending in Liet of Goods". Mr. Verheyen Changes Pending in Liet of Goods". for this & other numer lite it

O O M NOLOND DOWN FOR N XV. NOXOND S. C. N. M.Y. N.V. HANDELSVENNOOPSCHAF

CARL WIEMEYER N.V.

AMSTERDAM · C. · WESTERMARKT 2

TELEF, 43469 EN 49519 TELEGR.-ADR .: WIEMEYER CODES: A.B.C. 5TH & 6TH ED. RUDOLE MOSSE-BENTLEY'S BIJKANTOOR BRUSSEL. 20 SQUARE MARIE LOUISE BANKIERS: DE TWENTSCHE BANK N.V., AMSTERDAM

HUIZE "LABOR"

DEPT. B. AK NO

den 24.Juli 1950 AMSTERDAM.

Browshit Wednessen An G. A. Serlachius A/B

MANTTA

Betr. Spezial Greaseproof-Papiermaschine VOITH.

Wir bestätigen Ihnen hiermit, dass wir als Ihr Einkaufskontor, auf Grund der Lieferungsbedingungen der Firma J. M. Voith, Heidenheim, Drucksache Nr. 301 Pa, eine komplette Spezial-Greaseproof-Papiermaschine S = 5500mm zu nachstehenden Bedingungen liefern werden.

Die Maschine wird gebaut nach Sonderkonstruktion J.M.Voith und ist geeignet zur Herstellung von holzfreien, fettdichten Papieren (Pergament Ersatz), Leistung etwa 40 t in 24 Stunden. Der Lieferungsumfang ist im einzelnen aus der beiliegenden Zusammenstellung ersichtlich und beläuft sich auf circa 1 212 580 Kg.

Der Preis einschliesslich Verpackung, Fracht fob deutschem Seehafen und Montage beträgt US \$ 1.070.920,--.

Bei dem genannten Gesamtpreis sind die bei den persönlichen Verhandlungen getroffenen Vereinbarungen berücksichtigt, wonach Voith auf die Angebotspreise einen Nachlass von 22% gewährt hat und Sie als Risikoausgleich für eventuelle Lohn- und Materialpreiserhöhungen während der Fabrikationszeit einen Zuschlag von 5% zubilligten. Diese 5% stehen Ihnen jedoch insoweit für spätere Zusatzlieferungen bei Voith zur Verfügung, als sine Preiserhöhung in diesem Umfang nicht eintreten sollte.

Als Basis für die Ermittlung einer eventuell erforderlichen Preiserhöhung im Rahmen der obengenannten 5% gelten die heutigen Materialpreise und Löhne in Deutschland:

a) Grundpreis für Giessereikoks gemäss Mitteilungsblatt der Verwaltung für Wirtschaft, Teil II "Preisvorschriften" Nr. 13 vom 15.8.1948, Seite 116 DM 51 .--/t.

BLATT II.

N.V. HANDELSVENNOOTSCHAP CARL WIEMEYER

VERVOLGBLAD No.

2

G. A. Serlachius A/B

MANTTA

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- b) Grundpreis für Giesserei-Roheisen I gemäss Mitteilungsblatt der Verwaltung für Wirtschaft, Teil B "Preisvorschriften" Nr. 10 vom 30.5.1948, Seite 71 DM 145.--/t.
- d) für Löhne der tariflichen Mindestlohn für Facharbeiter in der Metallindustrie Württemberg-Baden von

Ŧ	Teuerungszuschlag
19.1	

DM 1.05 "-.10 DM 1.15 pro Stunde.

Hierbei kommt eine Preisänderung nur insoweit in Frage, als sich eventuell eingetretene Kostenänderungen auf diesen Auftrag noch auswirken.

Zahlungsbedingungen: Mit Rücksicht darauf, dass Voith schon seit dem I.Mai 1950 die Arbeiten an Ihrem Auftrag aufgenommen hat, um die Maschine innerhalb möglichst kurzer Frist zur Ablieferung zu bringen, wurde vereinbart, dass die Zahlungen wie folgt geleistet werden:

50% = US § 535.460.- am l.August 1950 50% = " 535.460.- gegen Aushändigung der Verschiffungsdokumente über die erste Teillieferung.

Alle Kosten und Ausgaben nach Lieferung fob deutschem Seehafen einschl. Fracht, Versicherung und Zoll gehen zu Ihren Lasten. Ebenso werden die Kosten für die Legalisierung von Ursprungszeugnissen usw., soweit diese benötigt werden, von Ihnen getragen.

Lieferzeit: Voith wird mit der Lieferung so rechtzeitig beginnen und sie ohne Unterbrechung fortsetzen, dass als Montage-Endtermin der 15. Dezember 1951 erreicht wird.

Vorausgeliefert werden: Zwei Stetigstoffmühlen innerhalb von ca. 5 Monaten

> der Stoffauflauf in ca. 12 Monaten und die Laufkrane in ca. 5 Monaten.

Auf besonderen Wunsch hin haben hat Voith, wie schon erwähnt, mit der Bearbeitung des Auftrages am 1.Mai 1950 begonnen. Zum Ausgleich dafür zahlen Sie an Stelle der sonst international üblichen ein Drittel An-

BLATT III.

N.V. HANDELSVENNOOTSCHAP CARL WIEMEYER

G.A. Serlachius A/B MANTTA

zahlung am 1.August 1950 50% des Kaufpreises.

Voraussetzung für die rechtzeitige Lieferung ist, dass Sie die eingegangenen Zahlungsverpflichtungen termingemäss erfüllen, sowie dass wir alle erforderlichen technischen Informationen binnen vier Wochen nach Anforderung erhalten und dass alle notwendigen Fundament- und anderen Pläne, die die Herstellung beeinflussen, binnen vier Wochen anerkannt werden. Ebenso ist die rechtzeitige Lieferung an die Voraussetzung geknüpft, dass nicht durch nachträglich verlangte Änderungen eine Verzögerung in der Fabrikation hervorgerufen wird.

Die Lieferungsfrist verlängert sich angemessen beim Eintritt unvorhergesehener Hindernisse, die ausserhalb Voith's Willen liegen - gleichviel ob sie im Lieferwerk oder bei Unterlieferanten eintreten - z.B. Betriebsstörungen, Ausschusswerden, Verzögerungen in der Ablieferung wesentlicher Roh- und Baustoffe, soweit solche Hindernisse nachweisbar auf die Fertigstellung oder Ablieferung des Liefergegenstandes von erheblichem Einfluss sind.

Wegen eventueller Konventionalstrafe für Lieferungsverzögerungen beziehen wir uns auf die beiliegenden Allgemeinen Lieferungsbedingungen von Voith. Für jeden Monat einer früheren Montagebeendigung gegenüber dem vorgesehenen Termin vom 15.Dezember 1951 hat Voith vereinbarungsgemäss eine Prämie von 1% des Lieferwertes zu erhalten.

Für Haftung für Mangel an der Lieferung, Gefahrenübergang, Auflösung des Vertrages usw. gelten im Einzelnen die Voraussetzungen, wie sie in der beiliegenden Lieferungsbedingungen von Voith, Drucksache Nr. 301 Pa aufgeführt sind.

Montage. Voith hat für die Montage in Finnland die Entsendung eines Montagemeisters und von sechs Monteuren in Aussicht genommen. Der vereinbarte Betrag von US § 30.000.- umschliesst einer die Kosten für die Entsendung dieses Personals einschliesslich einer einmaligen Reise nach Finnland und zurück. Die für das Montagepersonal in Finnland anfallenden Kosten für Unterbringung und Verpflegung, ferner für Reisen innerhalb Finnlands einschliesslich der Nebenauslagen sind in dem genannten Betrag nicht einbegriffen. Die Höhe der in Finnland an das Montagepersonal zur Auszahlung zu bringenden Auslösung wird bei Beginn der Montage vereinbart

Dem Montagepersonal wird das persönliche Monteurhandwerkszeug mitgegeben. Alle darüber hinausgehenden Werkzeuge, Montagegeräte, Gerüste, Verbrauchsstoffe usw. sind in Finnland kostenlos beizustellen. Des weiteren sind in Finnland die benötigten Hilfskräfte in ausreichender Zahl -Hilfsarbeiter und Facharbeiter - von Ihnen zur Verfügung zu stellen. Für die Einhaltung des in Aussicht genommenen Montage-Endtermins ist N.V. HANDELSVENNOOTSCHAP CARL WIEMEYER

VERVOLGBLAD NO.

4.

G.A. Serlachius A/B MANTIN

Voraussetzung, dass die Montage ungehindert durchgeführt werden kann, Wartezeiten oder weitere Monteurreisen, soweit diese nicht von Voith zu vertreten sind, werden getrennt in Rechnung gestellt. Im übrigen gelten sinngemäss Voith's beiliegenden Montagebedingungen, Drucksache 419.

Der Briefwechsel über alle technischen Fragen erfolgt, vereinbarungsgemäss direkt zwischen Ihnen und Voith, unter Einsendung einer Durchschrift an uns.

Inzwischen zeichnen wir

hochachtungsvoll N.V. HANDELSVENNOOTSCHAP KAL WIEMEIJER

J. M.Voith G.m.b.H., Heidenheim (Brenz) Maschinenfabrik



Den 24.Juli 1950

Firma

N.V. Handelsvennootschap Carl Wiemeyer

Amsterdam /Holland

Betr .: Spezial-Greaseproof-Papiermaschine Serlachius/Finnland

Zusammenstellung

K.Z.Nr. Gewicht Betrag US-\$ ca.kg 79527 P. Stoffaufbereitung 81060 43 525 .---Maschinen zum konstanten Teil 79528 P. 45165 47 405 .---79529 P. 1 Papiermaschine S = 5500 mm978265 ca. 810 810.--79530 P. Zubehörteile 74520 39 170 .---1 Rollenschneidmaschine 79531 P. 30870 24 850.--79532 P. 1 Voith-Stoffauflauf 2700 7 150.--1212580 ca. \$ 972 910 .-zusammen: ./. 21/2 % Nachlaß 24 323 .---948 587 .---+ 5 % Erhöhung als Entgelt für Festpreis 47 429 .---996 016 .---+ sectüchtige Verpackung 29 185 .---+ Fracht fob Lübeck 15 719 .---1 040 920 .---+ Montage 30 000 .--ca.US-\$ 1 070 920.--

Vorstehender Gesamtpreis versteht sich seetüchtig verpackt for Lübeck. J. M. Voith G. m. b. H. Maschinenfabrik Heidenheim (Brenz)

Drucksache Nr. 301 Pa.

Allgemeine Bedingungen

für Lieferung von Maschinen und Apparaten zur Herstellung von Papier, Karton, Pappe, Zellstoff, Holzstoff usw. der Maschinenfabrik J. M. Voith G. m.b. H., Heidenheim (Brenz).

§ 1. Umfang der Lieferpflicht

- Der Umfang der Lieferung ist in beiliegendem Angebot bzw. in der schriftlichen Auftragsbestätigung des Lieferers festgelegt. Der Besteller hat keinen Anspruch auf Lieferung weiterer Teile, Arbeiten und Betriebsmittel, soweit sie nicht im einzelnen ausdrücklich schriftlich vereinbart ist.
- 2. Die dem Angebot bzw. der Auftragsbestätigung beigefügten Unterlagen, wie Abbildungen, Zeichnungen usw., ferner Gewichts-, Maß- und Leistungsangaben sind nur annähernd maßgebend, soweit sie nicht ausdrücklich als verbindlich bezeichnet sind. An Kostenanschlägen, Zeichnungen und anderen Unterlagen behält sich der Lieferer Eigentums- und Urheberrecht vor; sie dürfen Dritten nicht zugänglich gemacht werden. Der Lieferer ist verpflichtet, vom Abnehmer als vertraulich bezeichnete Pläne nur mit dessen Zustimmung Dritten zugänglich zu machen.
- 3. Schutzvorrichtungen werden insoweit mitgeliefert, als dies vereinbart ist.
- 4. Durch Lieferung der Bau- oder Aufstellungspläne übernimmt der Lieferer eine Gewähr nur für die Richtigkeit in Bezug auf den Zusammenhang mit seiner Lieferung, nicht aber für die Bemessung, Anordnung und Gründung der Baukonstruktionen selbst.

§ 2. Preis und Zahlung

- 1. Die Preise gelten mangels besonderer Vereinbarung ab Werk ausschließlich Verpackung.
- 2. Bei Ausfuhrlieferungen sind alle Angaben, die außerhalb Deutschlands erhoben werden, vom Besteller zu tragen. Die Kosten für etwa erforderliche Legalisierung von Ursprungszeugnissen. Konsulatsrechnungen usw. werden dem Besteller getrennt in Rechnung gestellt. Mehrkosten, die dadurch entstehen, daß Lieferteile ohne Verschulden des Lieferers an der Grenze oder im Verschiffungshafen nicht sofort weitergeleitet werden können, gehen zu Lasten des Bestellers.
- 3. Die für Fracht, Umladen, Anfuhr, Abladen und Aufstellen etwa veranschlagten Beträge sind für den Lieferer unverbindlich.
- 4. Die Gewichte der angebotenen Gegenstände sind nach bestem Ermessen angegeben, jedoch ohne Verbindlichkeit.
- 5. Gegenstände, die ausdrücklich zu Gewichtspreisen angeboten sind, werden nach den bei der Ausführung sich ergebenden Gewichten berechnet.
- 6. Mangels besonderer Vereinbarung ist die Zahlung bar ohne jeden Abzug frei Zahlstelle des Lieferers zu leisten, und zwar:
 - 1/3 Anzahlung nach Eingang der Auftragsbestätigung.
 - 1/3 nach Ablauf der halben Lieferzeit,
 - der Restbetrag nach Mitteilung der Versandbereitschaft der Hauptlieferteile.
- 7. Bei Überschreitung der Zahlungsfristen werden als Jahreszinsen 1% über dem amtlich anerkannten Bankdiskontsatz, mindestens aber 5% berechnet, ohne daß es einer Inverzugsetzung bedarf.
- 8. Die Zurückhaltung von Zahlungen oder die Aufrechnung wegen etwaiger vom Lieferer bestrittener Gegenansprüche des Bestellers sind nicht statthaft.
- 9. Wird dem Lieferer vor Fertigstellung oder nach Abgang der Lieferung eine ungünstige Finanzlage des Empfängers bekannt, so ist er berechtigt. die sofortige volle Bezahlung oder hinreichende Sicherheit zu verlangen.

§ 3. Lieferzeit

- 1. Die Lieferfrist beginnt mit der Absendung der Auftragsbestätigung, jedoch nicht vor der Beibringung der vom Besteller zu beschaffenden Unterlagen. Genehmigungen, Freigaben sowie vor Eingang einer vereinbarten Anzahlung.
- 2. Die Lieferfrist ist eingehalten, wenn bis zu ihrem Ablauf der Liefergegenstand das Werk verlassen hat oder die Versandbereitschaft mitgeteilt ist.

- 3. Die Lieferfrist verlängert sich angemessen beim Eintritt unvorhergeschener Hindernisse, die außerhalb des Willens des Lieferers liegen — gleichviel, ob im Werk des Lieferers oder bei seinen Unterlieferern eingetreten — z. B. Betriebsstörungen, Ausschußwerden, Verzögerungen in der Anlieferung wesentlicher Rohund Baustoffe, soweit solche Hindernisse nachweislich auf die Fertigstellung oder Ablieferung des Liefergegenstandes von erheblichem Einfluß sind.
- 4. Verzögert sich nachweislich durch Verschulden des Lieferers die Ablieferung, so ist, falls dies bei Bestellung ausdrücklich schriftlich vereinbart wurde, der Besteller berechtigt, eine Verzugsentschädigung zu beanspruchen, die für jeden vollen Monat der Verspätung höchstens ¹/₂ v. H. des Werkpreises derjenigen Lieferteile betragen darf, die ohne die rückständige Lieferung nicht betriebsfähig sind, im ganzen aber nicht mehr als 5 v. H. des Werkpreises der so nicht betriebsfähigen Lieferteile. Anderweitige Entschädigungsansprüche, sowie das Recht des Bestellers, vom Vertrage zurückzutreten, sind in allen Fällen verspäteter Lieferung ausgeschlossen, auch nach Ablauf einer dem Lieferer etwa gestellten Nachfrist.
- 5. Wird der Versand aus Gründen, die der Lieferer nicht zu vertreten hat, verzögert, so werden dem Besteller, beginnend 3 Monate nach Anzeige der Versandbereitschaft, die durch die Lagerung entstandenen Kosten, bei Lagerung im Werk des Lieferers mindestens ¹/₂ v. H. des Rechnungsbetrages für jeden Monat berechnet. Bei Großanlagen bleibt die Vereinbarung eines Sondersatzes vorbehalten. Der Lieferer ist jedoch berechtigt, nach Setzung und fruchtlosem Ablauf einer angemessenen Frist anderweitig über den Liefergegenstand zu verfügen und den Besteller mit angemessen verlängerter Frist später zu beliefern.
- 6. Die Einhaltung der Lieferfrist setzt die Erfüllung der Vertragspflichten des Bestellers voraus, insbesondere der vereinbarten Zahlungsbedingungen, sowie den rechtzeitigen Eingang sämtlicher vom Besteller zu liefernden Unterlagen und die rechtzeitige Klarstellung und Genehmigung der Pläne.

(amendary 1

Denten maganetten zu

(Fileding der Baulenaussissionen stall

animedites X reserve that non-service § 4: Versand und Verpackung die more entralligere tal mercies

- 1. Versand erfolgt nach bestem Ermessen, aber ohne Verbindlichkeit des Lieferers.
- 2. Die Verpackung wird, sofern sie sich in gutem Zustand befindet, innerhalb dreier Monate nach Lieferung ab Werk, bei frachtfreier Rücksendung zu ¹/₂ des berechneten Preises zurückgenommen.
- 3. Teillieferungen sind zulässig.

nicht undnahmen gemacht werdennt Die

§ 5. Gefahrübergang

- 1. Die Gefahr geht spätestens mit der Absendung der Lieferteile auf den Besteller über, und zwar auch dann. wenn Teillieferungen erfolgen oder der Lieferer noch andere Leistungen z. B. die Versendungskosten oder Anfuhr und Aufstellung übernommen hat. Auf Wunsch des Bestellers wird auf seine Kosten die Sendung durch den Lieferer gegen Bruch-, Transport-, Feuer- und Wasserschüden versichert.
- 2. Verzögert sich der Versand infolge von Umständen, die der Lieferer nicht zu vertreten hat, so geht die Gefahr vom Tage der Versandbereitschaft ab auf den Besteller über; jedoch ist der Lieferer verpflichtet, auf Kosten des Bestellers die Versicherungen zu bewirken, die dieser wünscht.

3 Pho far I mont, Umladen, Aniana, A Bigentumsvorbehalt is a gradiagien fielrage and far den Licferer

- 1. Der Lieferer behält sich das Eigentum an dem Liefergegenstand bis zum Eingang aller Zahlungen aus dem Liefervertrag vor.
- 2. Der Besteller darf solange den Liefergegenstand weder verpfänden, noch zur Sicherung übereignen. Bei Pfändungen sowie Beschlagnahmen oder sonstigen Verfügungen durch dritte Hand hat er den Lieferer unverzüglich davon zu benachrichtigen.
- 3. Soweit die Gültigkeit dieses Eigentumsvorbehalts an besondere Voraussetzungen oder Formvorschriften im Land des Bestellers geknüpft ist, ist der Besteller gehalten, auf seine Kosten für deren Erfüllung Sorge zu tragen.

§ 7. Übernahme und Abnahme als lande dage

- 1. Beanstandungen über unrichtige Art und Menge der Lieferung werden nur innerhalb 30 Tagen nach Ankunft der Lieferung am Bestimmungsort entgegengenommen.
- 2. Unterläßt der Besteller die rechtzeitige Anzeige, so gilt die Lieferung als genehmigt und übernommen.
- 3. Die Übernahme gilt insbesondere als erfolgt, wenn nicht innerhalb einer Woche nach betriebsfähiger Fertigstellung begründete schriftliche Einwände erhoben worden sind. Die Übernahme gilt auch als Abnahme, wenn nicht besondere Abnahmeprüfungen vereinbart worden sind.
- 4. Etwaige Mängel, welche die Benutzung der Lieferung oder einzelner Teile nicht verhindern, berechtigen den Besteller nicht, soweit die Lieferung in Ordnung geht, die Übernahme oder Abnahme zu verweigern.
- 5. Der Besteller hat auf seine Kosten und Verantwortung für sachgemäße trockene Lagerung der Lieferungen zu sorgen.

§ 8. Haftung für Mängel der Lieferung

Für Mängel der Lieferung, zu denen auch das Fehlen ausdrücklich zugesicherter Eigenschaften gehört, haftet der Lieferer unter Ausschluß weiterer Ansprüche wie folgt:

- Alle diejenigen Teile sind unentgeltlich nach Wahl des Lieferers auszubessern oder ab Werk neu zu liefern, die innerhalb von 12 Monaten bei Tagbetrieb oder innerhalb von 6 Monaten bei Tag- und Nachtbetrieb seit Inbetriebnahme nachweisbar infolge eines vor dem Gefahrübergang liegenden Umstandes — insbesondere wegen fehlerhafter Bauart, schlechter Baustoffe oder mangelhafter Ausführung — unbrauchbar oder in ihrer Brauchbarkeit erheblich beeinträchtigt werden. Die Feststellung solcher Mängel ist dem Lieferer unverzüglich schriftlich zu melden. Ersetzte Teile werden Eigentum des Lieferers und sind auf Verlangen des Lieferers von dem Besteller zurückzusenden.
- 2. Als Tag der Inbetriebnahme gilt derjenige Tag, an dem der Liefergegenstand von kleinen Unterbrechungen abgesehen — in Betrieb oder in Benutzung genommen wird. Geschieht dies ohne Verschulden des Lieferers nicht innerhalb 14 Tagen nach Beendigung der Aufstellung, so gilt die Inbetriebnahme mit Ablauf dieser Frist als erfolgt.
- 3. Verzögern sich der Versand, die Inbetriebnahme oder die Aufstellung ohne Verschulden des Lieferers, so erlischt die Haftung spätestens 12 Monate nach Gefahrübergang. Bei Großanlagen wird die normale Montagedauer entsprechend berücksichtigt.
- 4. Für Fremderzeugnisse haftet der Lieferer nur in dem Umfang, in dem der Unterlieferer ihm gegenüber die Gewähr übernommen hat.
- 5. Erkennt der Lieferer rechtzeitig erhobene Mängelrügen nicht an, so verjährt das Recht des Bestellers, Ansprüche aus Mängelrügen geltend zu machen, in allen Fällen vom Zeitpunkt der rechtzeitigen Rüge an in 6 Monaten, frühestens jedoch mit Ablauf der Garantiefrist.
- 6. Für Lieferteile, die infolge ihrer stofflichen Beschaffenheit, oder auch nach der Art ihrer Verwendung einem vorzeitigen Verbrauch unterliegen, wird keine Haftung übernommen, ferner nicht für Schäden infolge natürlicher Abnützung, fehlerhafter oder nachlässiger Behandlung, übermäßiger Beanspruchung ungeeigneter Betriebsmittel, sandhaltigen oder verunreinigten Wassers, Eindringens von Fremdkörpern, mangelhafter Bauarbeiten, mangelhafter Arbeiten am Grundmauerwerk oder ungeeigneten Baugrundes, chemischer, elektrochemischer oder elektrischer Einflüsse, Witterungs- oder anderer Natureinflüsse.
- 7. Zur Vornahme aller Ausbesserungen und Ersatzlieferungen hat der Besteller nach Verständigung mit dem Lieferer die erforderliche Zeit und Gelegenheit zu geben, sonst ist der Lieferer von der Mängelhaftung befreit. Nur in dringenden Fällen der Gefährdung der Betriebssicherheit, von denen der Lieferer sofort zu verständigen ist, oder wenn der Lieferer mit der Beseitigung des Mangels im Verzug ist, hat der Besteller das Recht, den Mangel selbst oder durch Dritte beseitigen zu lassen und vom Lieferer angemessenen Ersatz seiner Kosten zu verlangen.
- 8. Die Bestimmungen über Lieferfrist und Garantie gelten entsprechend, wenn Nachbesserungen oder Ersatzstücke mangelhaft sind. Nur findet eine Verzugsentschädigung nicht statt und eine Garantie besteht nur bis zum Ende der Garantiefrist für den ursprünglichen Liefergegenstand.
- 9. Der Lieferer kann die Beseitigung von Mängeln verweigern, so lange der Besteller seine Verpflichtungen nicht erfüllt.
- 10. Die Montage und Inbetriebsetzung des Liefergegenstandes wird grundsätzlich vom Lieferer oder dessen Beauftragten vorgenommen. Werden diese ohne Zustimmung des Lieferers von dritten Personen durchgeführt, so erlischt die Haftung des Lieferers. Das gleiche gilt für den Fall, daß von dritter Seite Ausbesserungen oder Änderungen an dem Liefergegenstand vorgenommen werden.
- 11. Weitere Ansprüche des Bestellers, insbesondere ein Anspruch auf Ersatz von Schäden, die nicht an dem Liefergegenstand selbst entstanden sind, bestehen nicht.

§ 9. Haftung für Mängel bei Ersatzteillieferungen und Reparaturarbeiten

 Bei Lieferungen von Ersatzteilen für Anlagen eigener Herkunft haftet der Lieferer nach Maßgabe der im § 8 festgelegten Bestimmungen, jedoch mit der Einschränkung, daß die Gewährzeit im Falle der Verzögerung des Versands, der Montage oder der Inbetriebnahme spätestens einen Monat nach Anzeige der Versandbereitschaft beginnt.

Für die Durchführung von Reparaturarbeiten an eigenen Lieferungen nach Ablauf der Gewährleistungsfrist übernimmt der Lieferer keine Gewähr.

- 2. Bei Maschinen fremder Herkunft, für die der Lieferer keine zeichnerischen Unterlagen besitzt, kann der Lieferer eine Gewähr nur für fachmännisch durchgeführte Werkstattarbeit übernehmen. Treten während der Instandsetzung oder beim Einbau Mängel an den reparierten oder anderen Teilen auf, die das ordnungsgemäße Funktionieren der Anlage verhindern, so gehen die Kosten der Beseitigung zu Lasten des Bestellers.
- 3. Die Geltendmachung von Schadensersatzansprüchen von seiten des Bestellers, insbesondere auch für indirekte Schäden ist in allen Fällen ausgeschlossen.

§ 10. Auflösung des Vertrags

1. Für den Fall unvorhergesehener Ereignisse, sofern sie die wirtschaftliche Bedeutung oder den Inhalt des Vertrages erheblich verändern oder auf den Betrieb des Lieferers erheblich einwirken und für den Fall nachträglich sich herausstellender Unmöglichkeit der Vertragserfüllung, steht dem Lieferer das Recht zu, ganz oder teilweise vom Vertrag zurückzutreten. Schadensersatzansprüche des Bestellers wegen eines solchen Rücktrittes sind ausgeschlossen.

2. Im übrigen richtet sich das Rücktrittsrecht des Bestellers und des Lieferers nach den gesetzlichen Bestimmungen, jedoch mit der Maßgabe, daß Schadensersatzansprüche jeglicher Art ausgeschlossen sind. Die Bestimmungen über die Haftung für Mängel der Lieferung (§ 8) bleiben unberührt.

§ 11. Schiedsgericht

- 1. Sämtliche Streitigkeiten über die Auslegung oder Erfüllung des Liefervertrages werden unter Ausschaltung des ordentlichen Rechtsweges endgültig durch ein Schiedsgericht entschieden. Dieses Schiedsgericht besteht aus einem Vorsitzenden und zwei Beisitzern. Jede Partei ernennt einen Beisitzer, diese wählen den Vorsitzenden. Unterläßt es eine Partei, innerhalb 14 Tagen nach Aufforderung durch die Gegenpartei dieser ihren Beisitzer zu nennen oder kommt in dem gleichen Zeitraum eine Einigung über die Person des Vorsitzenden nicht zustande, so ist der Vorsitzende des Vereins Deutscher Ingenieure oder dessen Stellvertreter um Ernennung des betr. Beisitzers bezw. Vorsitzenden zu ersuchen; der Vorsitzende des Schiedsgerichts muß die Befähigung zum Richteramt besitzen.
- 2. Das Schiedsgericht hat auf Grund der vereinbarten Lieferbedingungen zu verfahren und zu entscheiden, im übrigen sind auf das schiedsrichterliche Verfahren die §§ 1025-1048 der Zivilprozeßordnung anzuwenden.
- 3. Über die Tragung der Kosten des schiedsrichterlichen Verfahrens entscheidet das Schiedsgericht, wobei das Schiedsgericht nach folgenden Richtlinien handeln soll: Jede Partei trägt die Kosten ihres Schiedsrichters. Die Auslagen und Gebühren des Vorsitzenden werden von der Partei bezahlt, die im Schiedsspruch unterliegt. Beide Parteien müssen jedoch zu gleichen Teilen die notwendigen Mittel bereitstellen für die Ausgaben und Gebühren des Vorsitzenden, falls sie während der Schiedsgerichtsverhandlung dazu aufgefordert werden.
- 4. Die Vollstreckung des Schiedsspruches ist gemäß den Anordnungen des Schiedsgerichts durch Hinterlegung geeigneter Sicherheiten zu gewährleisten.
- 5. Erfüllungsort für alle gegenseitigen Verpflichtungen aus dem Vertragsverhältnis ist der Sitz des Lieferers.
- 6. Der Besteller unterwirft sich dem Deutschen Recht.

§ 12. Allgemeine Bestimmungen

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Liefergegenstoud wellset emistanden sind, hestehen night.

1. Der Besteller darf seine Vertragsrechte ohne ausdrückliche Zustimmung des Lieferers nicht auf Dritte übertragen.

2. Der Vertrag bleibt auch bei Unwirksamkeit einzelner Punkte seiner Bedingungen verbindlich.

3. Für die Montage gelten die besonderen Montagebestimmungen des Lieferers.

besseringen oder Andeningen an den Lieferwegensland vorgenommen verden, mensten in eine in den

- Renofimenten vonernomsten Werken dese obhe Zustammung die Lieferers von dritten Presonen

na dea 1879, Haftung für Mängel bel Ersstatelifereringen und Reparaturalbeiten

1 liei Lieferungun von Franzischen für Anharen einener Herkeuch haftet der Lieferer and Matheibe der im § 8 festgelegten Bestimmungen, Jedoch mit der Einschräubung dalf die Gewährzeit in Prate dar Werzugezung der Versends, eine Montagei oder der Inbetrebrahme openstens einen Monze auf Anzeige Prit die Durchfuhrung von Reparatumikeiten an einen bieferungt an mehr Milauf der Cowährleinungetrist überrimme der Lieferer, keine Korwähr.

2. Bel Maschhoff Freihider Herkunff, für die der Enderer keine zeichneriseten Unterharte besitzt, kunn der Leftnier eine Gewählt nur hiertradusiensich derekzeifikiten Werknastanben überrehmen. Untere withend der besim bestrang oder beim Einban Märgel zu den reparierien oder anderen Teillen nut die das sertaunggrouße Tuckmaieren der Anlage gesitmeigte og geben die Koren der Besningung au Listen der Beateller.

9.1 the Collicedanching con disidencersation providers are selien des Bestellers, indexenders anti-file indirecte Soliden in its allen Fuller, menschlosum.

TO: Mr. S. Aldewereld FROM: Norman G. Jones SUBJECT: Finland - Woodworking Industries

ORM NO. 57 (5.48)

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OFFICE MEMORANDUM for page to Aldewereld n G. Jonegy nd - Woodworking Industries Aldewereld h G. Jonegy http://www.cope for page for page to page to page to page to page to page

Attached to his letter No. P/EU/FI/30 of July 11, 1950, Mr. Geolot sent us a lengthy report prepared by the Kymin Company Limited on the progress of all the 9 projects of this company toward the cost of which funds have been allocated in the list of goods. In our letter of August 24. 1949, we requested periodical reports on three of these projects and in our letter of June 15, 1950, we further limited our requirement to the one largest project undertaken by this company, namely the Woikka Hydroelectric Power Plant for which \$660,000 are allocated in the list of goods for a boiler and a transformer.

While our main interest lies in the progress of the Woikka Hydroelectric Power Plant which will be analysed in detail in a separate memorandum, the report on the other projects contains some information which is of interest to us.

1) Overall position: The following is quoted from the report:

"At this juncture we like to draw the attention of the Bank to the fact, that we still have an unspecified reservation of \$250000 - 300000. As this report shows there are still quite a few open questions, such as the rebuilding of the paper machines and new problems such as additional Bauer refiner and new steam turbine. We therefore still like to keep our reservation open."

The tenour of this statement is not quite clear. It must be remembered that the list of goods which was approved on June 9, 1950, does not allocate specific amounts to any of the projects listed. However the specific amounts which appeared on previous lists of goods have been retained as working estimates for disbursement purposes. From this list it appears that \$1,476,028 have been allocated to the 9 projects of Kymin Company Limited of which \$660,000 are allocated to the Woikka Power Plant. Thus the amount allocated to the 8 other projects is \$816,028. As is noted in the memorandum on the Woikka Power Plant, orders for the equipment to be financed out of the proceeds of the Loan have not yet been placed. Orders placed against part or all of the 8 other projects amount of \$463,254. The list of goods value of the projects toward the cost of which orders have been placed is \$626,028. The \$250000 - 300000 referred to above by Kymin Company Limited therefore probably relate to the difference between \$816,028 and \$463,254 or \$352,774 for which orders have not yet been placed. This may mean that further amendments to the list of goods may be requested at a later date to make possible the full use by Kymin Company Limited of the loan funds allocated to them. This does not appear to be a matter which need or can be decided upon at this time.

2) Use of 18% currency. Of the orders which have been placed, the following have been placed outside of the U.S.

<u>Project ii,a</u>. Waterous Grinder, for which \$82,000 have been originally allocated in the list of goods. The order was placed with Continuous Wood Grinder Co., Ltd. of Montreal, Canada for \$74,800.

<u>Project ii,i</u>. Heat exchanger, for which \$3,500 have been originally allocated in the list of goods. The order has been placed with the AB Ramens Patenter, Drottninggatan 71, Stockholm, Sverige.

<u>Project ix, e</u>. Spare rubber covered press roll, for which \$20,000 have been originally allocated in the list of goods. The order has been placed with Millspaugh Ltd., Alsing Rd., Sheffield 9, England. Delivery is promised for May 1951.

Disbursements have been made to the extent of \$18,700 toward the cost of the Waterous Grinder, project ii, a above.

It is for consideration whether the Disbursement Section should be informed of this matter in order to be able to take action concerning the possibility of making payment for these orders in the various currencies involed out of the 18% currency.

BPSpiro:md

INTERNATIONA' BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

FROM:

Norman G. Jones

DATE: July 25, 1950

Finland - Woodworking Industries - Woikka Hydroelectric Power Plant SUBJECT: Project

> Attached to his letter No. P/EU/FI/30 of July 11, 1950, Mr. Geolot forwarded to us a report dated June 27, 1950, prepared by Kymin Company Limited on the progress of the Woikka Hydroelectric Power Plant.

This project, as far as the Bank is concerned, includes too parts:

- (a) A new steam generator (boiler) for which the Bank has been asked to disburse \$600,000 and the installation of which should start in September 1951.
- (b) A new transformer for which the Bank has been asked to disburse \$60.000.

According to Mr. Marshall, delivery date of a boiler of the type desired by Kymin Company Limited would be about 12 months after date of order provided the supply of steel sheets in the U. S. does not tighten up in the near future. Therefore, it is apparent that if Kymin Company Limited wants to adhere to its schedule of starting installation of the boiler in September 1951 and to have it working in the winter of 1952, rogers should be placed without delays. As the next report be possible to follow dere

It is stated that only minor alterations will need be done to the existing building to install the new boiler as there is room for an additional boiler.

No orders have yet been placed for the transformer for the following reasons:

> "The Finnish institution "Ekono", who are consulting experts on questions relating to Fuel, Steam and Power, are for us making a very thorough investigation, which should be ready this month (June), about what pressure the new steam generator shall be built for. The pressure of the Woikka boilerhouse is at present 32 kg/cm2, but that is nowadays considered low and a higher pressure can give us a few thousand kW of much needed back pressure steam power.

"Preliminary reports indicate, that for the future development of the Woikka Mill so much more power is wanted, that the boiler pressure should be increased. If so happens we have also to install a new 15-20000 kW steam turbine.

No action required.

BPSpiro:md

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C O P Y

SUOMEN PANKKI FINLANDS BANK (SEAL)

> Helsinki, 24th July, 1950. V/JG/K.693/MJ

Messrs. Price, Waterhouse & Company 1000 Vermont Avenue, Northwest Washington, D.C.

Gentlemen:

In compliance with the request of the International Bank for Reconstruction and Development, Washington, D.C., we inform you that according to our books as at the close of business on the 30th June , 1950, the following amounts were paid in by our customers for deliveries under the loans granted to Finland by the said Bank, viz.:

 IB-16-FI Loan
 \$ 3,875.427.01

 IB-21-FI Loan (7 index)
 \$1,078.106.03

 MF 31 3 10 VM 1320
 Yours very truly,

INTERNATIONAL BANK FOR RECONST. AND DEVEL. SUOMEN PANKKI - FINLANDS BANK (Signed) T. Tauriala

SUOMEN PANKKI FINLANDS BANK (SEAL)

0 0 P Y

Helsinki, 24th July, 1950. V/JG/K.693/MJ

Fueland have

Messre, Price, Waterhouse & Company 1000 Vermont Avenue, Northwest Washington, D.C.

Gentlemen:

In compliance with the request of the International Bank for Reconstruction and Development, Washington, D.C., we inform you that according to our books as at the close of business on the 30th June , 1950, the following amounts were paid in by our customers for deliveries under the loans granted to Finland by the said Bank, viz .:

> IB-16-FI Loan \$ 3,875,427.01 13-21-FI Loan (Timber) \$1.078.106.03

0961 WY 01 6 12 100

RECONST. AND DEVEL. AUR ANAB JANOITANABTNI

Yours very truly, SUOMEN PANKKI - FINLANDS BANK (Signed) T. Mauriala

July 21, 1950

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I acknowledge your letter of July 13, 1950, reference V TT/PO K.664, requesting permission for some changes in the goods to be obtained by Imatran Voima Oy. under the \$12.5 million loan to yourselves.

The Bank is agreeable to the requested changes and has accordingly altered its records to show that the purchase price of Item I-3-(d) of the breakdown list of goods, covering the purchase of a 3-phase synchronous condenser of 30,000 kVA, is to be reduced from \$260,000 to \$135,000. The Bank is also agreeable to the use of the \$125,000 thus made available for the purchase of two 20,000 kVA 110/20 kV transformers with on-load tap changing gear. It is suggested that this new item be drawn against item I-9-(a) of the breakdown list of goods, covering reserve for escalation clauses and contingencies, and that the total shown for this item in the breakdown list of goods be increased to \$163,969.00.

It is assumed that you will also adjust your copy of the breakdown list of goods as above.

Yours very truly,

In | Elic Pour

(Signed)

W. A. B. Iliff Loan Director

In 1. Stur 29 8/11.

FORM NO. 75

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date_July 25, 1950

T0-	Name	Room No.
1	Mr. Cope	
2	Schmidt.	
3		
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FOR-

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	Action	Initialing	
	Approval	Preparing Reply	
	Comment	Previous Papers	
	ling	Noting and Returning	
	rull Report	Recommendation	
	Information	Signature	

REMARKS

Does this look all right to you?

Orvis A. Schmidt

25

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Orvis A. Schmidt

DATE: July 21, 1950

FROM: N. J. Paterson

FORM No. 57 (5-48)

SUBJECT: Finland - \$12.5 million loan to the Bank of Finland

1. I attach letter of July 13, from the Bank of Finland, requesting modification of the list of goods to permit the switching of the purchase of a 3-phase synchronous condenser from the United States to Western Germany or Sweden, and the application of the funds thus saved to the purchase of two transformers from Western Germany.

2. As you will see from the attached memorandum of July 18, 1950, the Working Party is in substantial agreement to the acceptance of the changes proposed. Mr. Grauman made the point that acceptance of the new item would expand the list of goods but he is now satisfied this point in view of the following:

(a) the transformers would apparently be used in the same plant as the synchronous condenser;

(b) the item is said to be sorely needed and it is inferred from this that it is required for Stage I of the electric power development program;

(c) it is not a net addition of equipment being obtained since it cannot be delivered by a Finnish manufacturer;

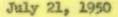
(d) previously \$585,958 was allocated to Imatran Voima for items which were **EXERCTLY** in Stage I of the electric power program and of this amount, equipment worth \$325,958 was voluntarily cancelled by Imatran Voima. It would seem unreasonable, therefore, to further reduce the total allocation to this company, merely because they are able to buy more equipment with the same amount;

(e) increasing confidence has come to be placed in the Finns in their appraisal of their most urgent requirements within the framework of the total allocation of \$1.75 million to the electric power project;

(f) Mr. Connor has suggested that the change be accepted without modifying the official list of goods and the attached letter, which has been cleared with members of the Working Party, sets out the basis on which this might be done.

Cepe the look ?

NJP/pmk Attach.



Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I acknowledge your letter of July 13, 1950, reference V TT/PO N.664, requesting permission for some changes in the goods to be obtained by Imatran Voima Oy. under the \$12.5 million loan to yourselves.

The Bank is agreeable to the requested changes and has accordingly altered its records to show that the purchase price of Item I-3-(d) of the breakdown list of goods, covering the purchase of a 3-phase synchronous condenser of 30,000 kVA, is to be reduced from \$260,000 to \$135,000. The Bank is also agreeable to the use of the \$125,000 thus made available for the purchase of two 20,000 kVA 118/20 kV transformers with on-load tap changing gear. It is suggested that this new item be drawn against item I-9-(a) of the breakdown list of goods, covering reserve for escalation clauses and contingencies, and that the total shown for this item in the breakdown list of goods be increased to \$163,969.00.

It is assumed that you will also adjust your copy of the breakdown list of goods as above.

Yours very truly,

Finland Loan

W. A. B. Iliff Loan Director

NJP/pmk

c.c. Messrs. Brion, Elisvorth Clark, Robinson, Folk.

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FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: July 20, 1950

Hilkine Ken

FROM: Norman G. Jones

SUBJECT: Bank of Finland - Limestone Grinding Project - End-Use Reports

Under cover of letter No. P/EU/FI/29, Mr. Geolot sent us Report Summary No. 1 covering Limestone Grinding Project end-use reports Nos. 1 to 5, inclusive as submitted by the Lime Association, Finland.

The end-use reports are quite satisfactory. They cover all vouchers which we have sent so far to Finland in this category. As the system of control established by the Lime Association appears to be working effectively, it is suggested that a letter, similar to the one we wrote on July 14, 1950 (EU/349) on the subject of reports on the Electric Power project be addressed to the Bank of Finland informing them that the preparation of end-use reports can be discontinued provided the Schedule of Purchases & Deliveries is prepared in the revised form requested by the Bank.

13/

BPSpiro/SChamieh/vp

DRM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Dr. H.W.Robinson N.J.Paterson FROM:

DATE:

July 18, 1950

SUBJECT: \$12.5 million loan to the Bank of Finland

> I enclose for your comments letter from the Bank of Finland of July 18, 1950, and attachment concerning modification of the items desired by Imatran Voima Oy. The comment on price difference is illuminating.

I see no objection to this advantageous suitch . Hurk July 18, 1950.

Mr. Grauman,

any objection? It might be advisable to obtain other expressions Which will be necessitated by the request for permission to purchase te transformers from non- Finnish sources. NJP/pmk 25

Mr. grien, ho spector

BU Mr. Clark, to objection ELC-

July 14, 1950

Ji] & B. Preje

Letter No. EU/349

Bank of Finland Helsinki, Finland

Gentlemen:

We should like to revert of our letter No. EU/338 of July 7, 1950. We wish to inform you that we have now had the opportunity of reviewing the individual reports on equipment financed under the Electric Power Projects category. As the information contained in these reports is to be included in the revised form of cumulative Schedule of Furchases and Deliveries outlined in Mr. de Tchihatchef's letter to you of April 29, 1950, it will no longer be necessary for you to prepare such individual reports.

With regards to the orders placed under items: 8 a (i) spare parts for excavators, etc., 8 a (ii) spare parts for tractors, etc., 9 miscellaneous, and 11 (a) lightning arresters and insulators, of the list of goods, we suggest that only one entry be made in the Schedule of Purchases and Deliveries for each of these four items. The four entries should show the total value of the orders placed, total value of spare parts and other material received in Finland and total value of specific spare parts and other materials or their equivalent used. This procedure should help to reduce materially the size of the Schedule of Purchases and Deliveries.

Very truly yours

S. Aldewereld

cc: Mr. de Tchihatchef BPSprio/SChamieh:vp

July 14, 1950

FILE COPY Jimber Huland Loan

Deer Mr. Ministor:

I am pleased to submit for the information of your Government the First Lean Administration Report dated June 28, 1950, on the \$12.5 million Lean to the Eank of Finland of August 1, 1949, guaranteed by the Republic of Finland, and the \$2.3 million Lean to the Republic of Finland of October 17, 1949. This report has been submitted to and considered by the Board of Directors of the Eank.

Similar reports are prepared periodically by the Bank on all outstanding loans end, in view of the close working relations between the Bank and its Members, are usde available to the governments concerned.

Fart III of the enclosed Report relates to Finland's economic situation and will be of particular interest to you and your Government. Although the level of output in most sectors of the Finnish economy has increased and Finland's external financial position has continued to improve, strong inflationary pressures have developed. We know that the Government of Finland is anxious to stabilize the financial situation and we are pleased to note that it has invited the International Monetary Fund to send a Mission to Finland for consultation on the economic position and on measures which would make possible the establishment of a par value for the markka.

The Bank will continue to observe with interest the efforts of the Finnish Government in promoting Finland's further economic progress.

Yours sincerely,

(Signed) Eugene R. Black

Eugene E. Dlack

Enclosure: 6 copies

His Excellency Veino J. Sukselainen Minister of Finance Helsinki, Finland

EC. mi Fater mr Jock (Clearedwith representatives of Legal Sconomic Depts & Borard & Directors)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: July 13, 1950

FROM:

SUBJECT:

FORM NO. 57 (5-18)

Norman G. Jones

Bank of Finland--Electric Power Projects Time Schedule of Purchases and Deliveries

Attached to his letters Nos. P/EU-FI/27 and 28 dated July 5 and 7, Mr. A.F. Geolot sent us a copy of the Schedule of Purchases and Deliveries for the month of June and Report Summary No. 1 covering Electric Power Project End-Use Reports Nos. 1 to 29 inclusive.

The Schedule of Purchases and Deliveries has not been prepared in the revised form and it may well be that the reason for this is to be found in the present duplication of our requirements. As the end-use reports that we have received now are quite satisfactory and appear to indicate that the control system set up by EKONO is working effectively, it is suggested that we inform the Bank of Finland that the preparation of individual end-use reports can be discontinued provided the Schedule of Purchases and Deliveries is prepared from now on in the revised form. A letter to this effect is attached hereto.

An analysis of the documents referred to in the first paragraph of this memorandum shows that the situation of this category is as follows:

		May 31, 1950	June 30, 1950
1.	Amount of orders for projects in which the Bank participates	1,731,332.53	1,731,332.53
2.	Amount of loan funds allocated to the projects for which orders have been		
	placed	1,348,837.00	1,348,837.00
3.	Disbursements made by Bank	363,325.00	399,712.21
4.	Value of equipment installed, in operation or in storage in Finland	174,352.77	193,629.23
5.	Value of 31 fully documented vouchers sent to Finland up to May 31	164,268.34	
6.	Value of 38 fully documented vouchers sent to Finland up to June 30		180,745.47

Finland

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July 13, 1950

May 31, 1950

June 30, 1950

7. Value of equipment installed or in storage for which end-use reports have been received

139,703.20

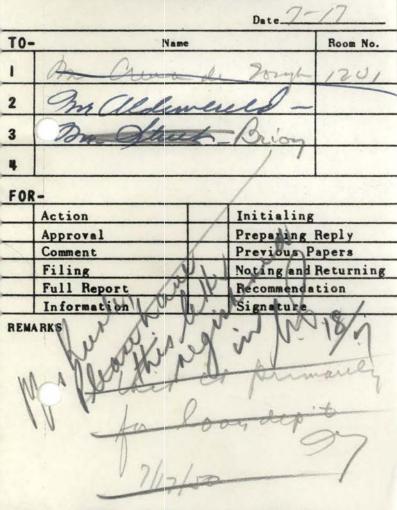
No other action than the sending of a letter to the Bank of Finland is required at the present time.

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Fo: 10. 75

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ROUTING SLIP



FROM- GENERAL FILES AND CORRESPONDENCE, Archives Division



Helsinki, July 13, 1950. V TT/PÖ K.664

Finland Loan

Janut

BY AIR MAIL

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

Gentlemen:

re Allocation IB-16-F.

Enclosed please find a letter under your address from Imatran Voima Osakeyhtiö, dated July 12.

> Very truly yours, Suomen Pankki-Finlands Bank

Encls.

IL RAN VOIMA OSA. HTIÖ

H E A D O F F I C E TELEGRAMS: IMATRANVOIMA HELSINKI TELEPHONE: 20 941 HELSINKI



HELSINKI KESKUSKATU 2 FINLAND

Finland Loan

July 12, 1950

International Bank for Reconstruction and Development Washington 25, D.C. USA

Gentlemen:

100%

This company has reserved from its share of Interbank's loan (Finnish Loan IB-16-F) the sum of \$260,000.00 (item I 3 d) for the purchase of a 30,000kVA synchronous condenser from the U.S. However, on basis of offers received, the American prices appear to be approx. 50% higher than those of West-Germany and Sweden (about \$135,000.00). Consequently this company would like to place the order in Europe, provided the credit can be used in West Germany or Sweden.

We would like to utilize the remainder of approx. \$125,000.00 (item I 3 d) for the purchase from West Germany of two (2) 20,000kVA 110/20kV transformers with on-load tap changing gear, which are sorely needed because the equipment ordered from Finnish manufacturers in 1943 - 45 is still undelivered and continuously delayed.

In view of the foregoing and since the loan agreement prescribes acquisition at the cheapest source, we respectfully request that you would agree to the sum specified in item I 3 d of Finnish Loan I B - 16-F being used as follows:

30,000kVA synchr.condenser from West Germany or Sweden

\$135,000.00

2 - 20,000kVA, 110/20kV transformers with on-load tap changing gear from West Germany

\$125,000.00

Very truly yours IMATRAN VOIMA OSAKEYHTIÖ Kheletouen L. Bellen

Bo:tr

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld FROM: Hugh B. Ripman

FORM NO. 57 (5-48)

DATE: July 11, 1950

1200

SUBJECT: <u>Bank of Finland Loan -- Woodworking Industries Project</u> May Schedule of Purchases and Deliveries

> Attached hereto is Letter No. P/EU-FI/26 of July 5, 1950 with which Mr. Geolot sent us the May Schedule of Purchases and Deliveries for the Woodworking Industries Project. This schedule has been prepared in the revised form requested in our letter of April 24, 1950 and does provide us in conjunction with the list of payments made by the Bank by individual projects, which is being kept in this office, with a complete record concerning shipment of loan-financed goods to Finland, and their receipt and installation by ultimate recipients. The following table indicates the situation as at May 31. The situation as at April 30 is given for comparison purposes.

	As at April 30	As at May 31
Total orders placed	\$2,790,891.72	\$2,882,758.22
Amount of loan funds allocated to the projects for which orders have been placed	3,588,934.00	5,642,832.00
Payments made by the Bank of Finland to manufacturers	120,842.62	2,415,566.40
Disbursements made by the Bank	1,196,679.00	1,284,538.00
Value of equipment received in Finland	120,843.62	266,255.45
Value of equipment installed	(NOT ENOWN)	103,401.67

No action required.

BPSpiro:fc

FilElie. Paur

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

67 rue de Lille Paris (7e)

Letter No. P/EU-FI/28

July 7, 1950

Dear Mr. Aldewereld:

Electric Power Projects

I enclose herein a copy of the Schedule of Purchases and Deliveries for the month of June for the above projects, received from the Bank of Finland.

This report is not in the form desired and I have written to Mr. Tauriala with reference to the conversation he had recently with Mr. de Tchihatchef - please see Mr. de Tchihatchef's letter P/EU-FI/25 of June 30. A copy of my letter to Mr. Tauriala is enclosed herein.

Pending further word from Finland I assume that the present report for June may be considered as an interim docu-

Yours sincerely,

A.F. Geolot

Ack: Fi / 33 - July 10, 1950

Enclosures AFG/km

Mr. S. Aldewereld International Bank for Reconstruction and Development 1818 H.Street, N.W. <u>WASHINGTON 25 D.C.</u> U.S.A. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WARKINGTOM STREETS 67 rue de Lille Paris (76)

Letter No. P/HJ-FI/28

July 7, 1950

Dear Mr. Aldewereld:

Electric Power Projects

I enclose herein a copy of the Schedule of Purchases and Deliveries for the month of June for the above projects. received from the Bank of Finland.

This report is not in the form desired and I have written to Mr. Taurials with reference to the conversation he had recently with Mr. de Tchihatchef - please see Mr. de Tchihatchef's letter P/ED-FI/25 of June 30. A copy of my letter-

Pending further word from Finland I assume that the Pending further word from Finland I assume that the present, report for June may be considered as an interim docusement and a complete one will be coming later.

Yours sincerely,

RECONST. AND DEVEL.

1950

RECEIVED

Mr. S. Aldewereld International Bank for Reconstruction and Development 1818 H.Strest, N.W. <u>WASHINGTON 25 D.C.</u> U.S.A. 67 rue de Lille Paris (7e)

July 7, 1950

Dear Mr. Tauriala:

We thank you for your letter V/KK/K.639/SI of July 4, 1950 enclosing a Schedule of Purchases and Deliveries for June for the Electric Power Projects.

In view of Mr. de Tchihatchef's recent talk with you, we hope that it will be possible for Ekono to prepare a complete Schedule of Purchases and Deliveries for the full period of the loan up to June 30, 1950, using for this the revised form of schedule mentioned in Mr. de Tchihatchef's letter to you dated April 29, 1950. We should be most grateful if you could arrange to have this schedule made available to us in the near future.

Thanking you in anticipation of your helpful assistance.

Yours sincerely,

A.F. Geolot

Mr. T. Tauriala Suomen Pankki <u>HELSINKI</u> Finland

cc. Mr. S. Aldewereld

FORM NO. 27 (1-50)

INTERNATIO L BANK FOR RECONSTRUCTION A DEVELOPMENT

OUTGOING WIRE

DATE:

TO:

TEXT:

July 6, 1950

SUOMEN PANKKI-FINLANDS BANK HELSINKI FINLAND

CLASS OF SERV	ICE DESIRED
NIGHT LETTER	CODE
DEFERRED	FULL RATE
TELETYPE	

land Loan

YOUR 595 CANNOT CONFIRM OUR AGREEMENT PAYMENTS UNTIL ASSURED THAT CONDITIONS CONCERNING PAYMENT DESCRIBED IN FINNISH LEGATION'S CABLE X67 OF JUNE 14 COMPLIED WITH STOP PLEASE ADVISE IF LETTER OF CREDIT WILL BE OPENED AND WHETHER YOU WANT US TO SECURE SUCH LETTER OF CREDIT EITHER BY THE DEPOSIT OF COLLATERAL OR GUARANTEE STOP UNDER OUR NORMAL PROCEDURE LETTERS OF CREDIT ARE SECURED BY US ONLY AFTER DETAILS OF CREDIT APPROVED BY US STOP IF PROPOSED TRANSACTION NOT FINANCED THROUGH LETTER OF CREDIT DOWN PAYMENTS CAN ONLY BE DISBURSED BY US AFTER WE ACCEPT TERMS OF CONTRACT

> INTBAFRAD ALDEWERELD

AUTHORIZED BY:

NAME S. ALDEWERELD

DEPT.

TREASURER'S

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	Chec	ked	for	Dis	patch
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INTERNATION DANK FOR RECONSTRUCTION AND DEVELOPMENT

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DATE

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R.C.A.

NIGHT LETTER
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RECONST. AND DEVEL.

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JUL 6 6 11 PM 1950

RECONST. AND DEVEL.

FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and Loan

OFFICE MEMORANDUM

TO: Files

FROM:

A.D.Spottswood

DATE: July 6, 1950

SUBJECT:

\$12.5 million loan to the Bank of Finland

This is to confirm that the Engineering Staff is satisfied that Item II-7-(iv) of the List of Goods for the above loan, covering the purchase by G.A.Serlachius Oy. of paper making machinery from the West German firm J.A.Voith, costing \$1,339,186, is appropriate for the purposes of the loan and that the price is reasonable.

NJP/pmk c.c. Mr. Aldewereld Mr. Paterson

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. O.A.Schmidt

FROM: N.J.Paterson W

DATE:

July 6, 1950

SUBJECT: \$12.5 million loan to Bank of Finland

1. On June 29, 1950, the Bank of Finland requested permission (i) to substitute on the list of goods for the above loan, a Duplex Cutoknife from Western Germany, costing \$21,500, for a previously accepted item covering an Easy Drive Cutoknife with electric working and lower layboybelt, to be supplied from the U.S.A., costing \$27,760; and (ii) to apply \$5,500 of the difference between these two prices to the purchase from the U.S.A. of additional equipment for Serlachius Oy's sizing machine used in connection with offset-printed folding board boxes.

2. This slight change in Serlachius Oy's requirements has been considered by the Working Party and is recommended for acceptance.

3. An official change in the list of goods is not required and Mr. Hoar's signature of the attached letter, which has been prepared in consultation with the Legal Department, would give effect to the changes desired.

NJP/pmk Attachment

FORM No. 57 (5-48)

DECLASSIFIED SEP 12 2017 WBG ARCHIVES

The President

FROM:

RCOX 228 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONFIDENTIAL

R - 345

(To be submitted to the Executive Directors on July 11, 1950 for consideration.)

July 5, 1950

UFT-LN16 CEFE-LN21

FINLAND - LOAN ADMINISTRATION REPORT

1. Attached for consideration of the Board is the First Loan Administration Report dated June 28, 1950, relating to:

- (a) The loan of \$12,500,000 granted by the Bank to the Bank of Finland on August 1, 1949, and
- (b) The loan of \$2,300,000 granted by the Bank to the Republic of Finland on October 17, 1949.
- 2. The salient points in the report may be summarised as follows:
 - (a) The Economic Situation
 - (i) Finland's general economic position has continued to improve since the loans were granted. After some export difficulties in the summer of 1949, market conditions have recovered and balance of payments prospects for 1950 are good.
 - (ii) Unless present inflationary tendencies can be checked, however, the ability of the woodworking industries to maintain exports may be threatened.
 - (b) The Loan of \$12,500,000 to the Bank of Finland
 - (i) Although the rate of disbursement is slower than was anticipated, and although considerable changes in the goods to be financed from the Loan have been

LD:gm Sec:4-231 required, there is still need for the loan for the purposes for which it was originally granted.

(ii) To conform to changed conditions, the amounts allocated to the three projects have been varied, as follows:

Project	Original Allocation	Present Allocation	
Electric Power	\$ 2,000,000	\$ 1,750,000	
Woodworking Industries	10,000,000	10,450,000	
Limestone Grinding	350,000	300,000	
Unallocated	150,000		
	\$12,500,000	\$12,500,000	

- (iii) In order to give greater flexibility, the Bank is dispensing with certain of the detailed technical justification hitherto required for changes in the list of goods for the woodworking industries and is obtaining instead information regarding the progress of investment in the individual branches of the industries concerned. Changes in the goods required for the electric power and limestone grinding projects are likely to be smaller and should create no special problems.
- (c) The Loan of \$2,300,000 to the Republic of Finland
 - (i) Disbursement has been slower than was anticipated and the Closing Date had to be changed from June 30, 1950 to December 31, 1950.
 - (ii) Sawn softwood exported by Finland in 1949 to the countries

specified in the Loan Agreement totalled 487,000 standards, compared with Finland's export commitment for that year of 420,000 standards.

3. I recommend that the attached letter be sent to the Minister of Finance of the Republic of Finland calling attention to the financial situation.

Distribution:

1 ...

Executive Directors and Alternates President Vice President Department Heads FORM No. 26 (1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: JULY 5, 1950.

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FROM: HELSINKI

ACTION COL	PY	то	MR.CRENA	DE	IONGH
INFORMATIC	ON	COPY	TO		

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BOUTING

kuland Loan

TEXT:

595 SERLACHIUS ITEM II-7-IV ACCORDING TERMS OF PAYMENT TWO FIRST PAYMENTS TOTALLY ABOUT \$500,000 PAYABLE DURING JULY AUGUST SEPTEMBER TO PURCHASE AGENT CARL NIEMEIJER AMSTERDAM IN US DOLLARS PLEASE CABLE CONFIRM.

SUOMENPANKKI

Decoded By

(SUOMEN PANKKI-FINLANDS BANK)

ORIGINAL

DISPATCHED INTERNATIONAL BANK FOR RECONST. AND DEVEL.

JUL 6 9 56 AM 1950

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INCOMPANIES OF THE DEARDORE AND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

67, rue de Lille Paris (7e)

Letter No. P/EU-FI/27

July 5, 1950

Fi / Elictric Power

Dear Mr. Aldewereld:

Electric Power Project

I refer to Mr. Crena de Iongh's letter FI/l of August 24, 1949 and enclose herein Report Summary No.l covering Electric Power Project end-use Reports Nos. 1 to 29 inclusive, in duplicate, submitted by the Finland's Bank on behalf of Oulujoki Oy.

In view of the possibility envisaged in the closing paragraphs of your letter P/EU/FI/28 of June 14, namely that the preparation of individual end-use reports may be eventually discarded, I am sending you these Reports without transcription. However, should you wish to have them copied on to regular enduse report forms please inform and I shall have the work done. I have copies of the Reports on file.

You will note that in several instances the equipment received is declared to have been placed in storage. As this equipment is generally of an ancillary nature e.g. spare parts etc., this declaration may be regarded as satisfactory.

I also enclose herein a copy of my letter to the Finland's Bank acknowledging receipt of the Reports.

Yours sincerely,

A.F. Geolot

Enclosures

Mr. S. Aldewereld International Bank for Reconstruction and Development 1818 H.Street, N.W. <u>WASHINGTON 25 D.C.</u> U.S.A. Addewereld Fil³⁵ - August

Deen by mr. aldewereld

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT MAGHAGYMYXXXXXXXX 677 THE de Lille Paris (7e)

Letter No. P/MD_FI/27

July 5, 1950

Dear Mr. Aldewereld:

Mlectric Power Preject

I refer to Mr. Grena de Iongh's letter WI/1 of August 24, 1949 and enclose herein Report Summary No.1 covering Mlectric Power Project end-use Reports Nos. 1 to 29 inclusive, in duplicate, submitted by the Finland's Bank on behalf of Oulajoki Cy.

In view of the possibility envisaged in the closing paragraphs of your letter F/HU/HI/28 of June 14, namely that the preparation of individual end-use reports may be eventually discarded, I am sending you these Reports without transcription. However, should you wish to have them copied on to regular enduse report forms please informiend I shall have the work done. I have copies of the Reports on file.

You will note that in several instances the equipment received is declared to have been placed in storage. As this equipment is generally of an ancillary nature e.g. spare parts etc., this declaration may be regarded as satisfactory.

I also enclose herein a copy of my letter to the Winland's Bank acknowledging receipt of the Reports.

Yours sincerely,

A.F. Geolot

Inclosures

Mr. S. Aldewereld "Atternational Bank for <u>ML 10</u> **Bis WW 1020** 1818 H.Street, N.W. <u>WASHINOTON 25 D.C.</u> U.S.A. U.S.A.

Dev by m. aldenered.

67, rue de Lille Paris (7e)

July 5, 1950

Dear Sirs:

Electric Power Project

We thank you for your letter reference V/JG/K.623/HV of June 28, 1950, enclosing, on behalf of OULUJOKI OY, Reports Nos. 1 to 29 concerning the above project.

As a Summary was not received with the above Reports we have prepared one and enclose copies for your and Ekono's records. We should appreciate your submitting such a summary with future groups of reports.

Yours sincerely,

A.F. Geolot

Enclosures

Suomen Pankki Helsinki Finland

Fullenthow



Helsi.i, July 5th, 1950. C/OB/K.641/SI

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

Gentlemen.

We are enclosing the Monthly Report on Payments, Clearing and Similar Agreements for the month of June, 1950, for your service. Research

Yours faithfully.

SUOMEN PANKKI - FINLANDS BANK multo Sincure of Jacuich

et .

Subba Ignatius.

nternational Bank

the month of June, 1950. for your service.

SUOMEN PAART - FINLANDS BANK

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Catching 1y,

Weahington 25. D.C.

Helsin, July 565, 1950.

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NTERNATIONAL BANK FOR RECONST. AND DEVEL.

RECEIVED



July 5, 1950

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I acknowledge your letter of June 28, 1950, reference V/K.624/JG/MJ, requesting permission for some changes in the goods to be obtained by Serlachius Oy. under the \$12.5 million loan to yourselves.

The Bank is agreeable to the requested changes and has accordingly altered its records to show that the Swift Duplex "Easy Drive" Cutoknife with electric working and lower layboybelt, costing \$27,760, is to be replaced by a Duplex Cutoknife costing \$21,500. The Bank is also agreeable to the use of \$5,500 of the balance made available by this price reduction for the purchase of additional equipment for Serlachius Oy's sizing machine used in connection with offset-printed folding board boxes.

It is assumed that you will also suitably adjust your copy of the list of items for Serlachius Oy., which was attached to the breakdown list of goods sent to you under cover of our letter of June 13, 1950.

Yours sincerely,

Finland Loan

A.S.G.Hoar Assistant Loan Director

NJP/pmk

c.c. Messrs. Spottswood, Robinson, Brion, Folk and Miss Morsey

(Cleared with Treasurer's and Legal Depts. and forwarded through Finnish Legation, Washington) FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

S OFFICE MEMORANDUM

TO: Mr. W.A.B.Iliff FROM: N.J.Paterson

DATE: July 5, 1950

SUBJECT: Finland - First Loan Administration Report

As requested I telephoned Mr. Hallama this morning concerning distribution of the above report to members of the Board of Executive Directors. Mr. Hallama stated that Finnish authorities had no objection to such distribution of the report in its present form.

NJP/pmk

FORM NO. 27 (1.50)

INTERNAT BANK FOR RECONSTRUCTION

EVELOPMENT

land Loan

OUTGOING WIRE

DATE:

TEXT:

TO:

LT: Bank of Finland Helsinki Finland /

July 5, 1950

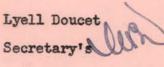
CLASS OF SERVI	CE DESIRED				
NIGHT LETTER X	CODE				
DEFERRED	FULL RATE				
TELETYPE					

BANK EXECUTIVE DIRECTORS AT MEETING ON TUESDAY JULY 11 WILL CONSIDER LOAN ADMINISTRATION REPORT ON FINLAND STOP PLEASE ADVISE WHETHER FINLAND WISHES TO PRESENT VIEWS PURSUANT SECTION 18 BY-LAWS OF BANK STOP IF SO WOULD SUGGEST REPRESENTATIVE FROM YOUR LEGATION ATTEND MEETING

> DOUCET INTBAFRAD

AUTHORIZED BY:

NAME DEPT.

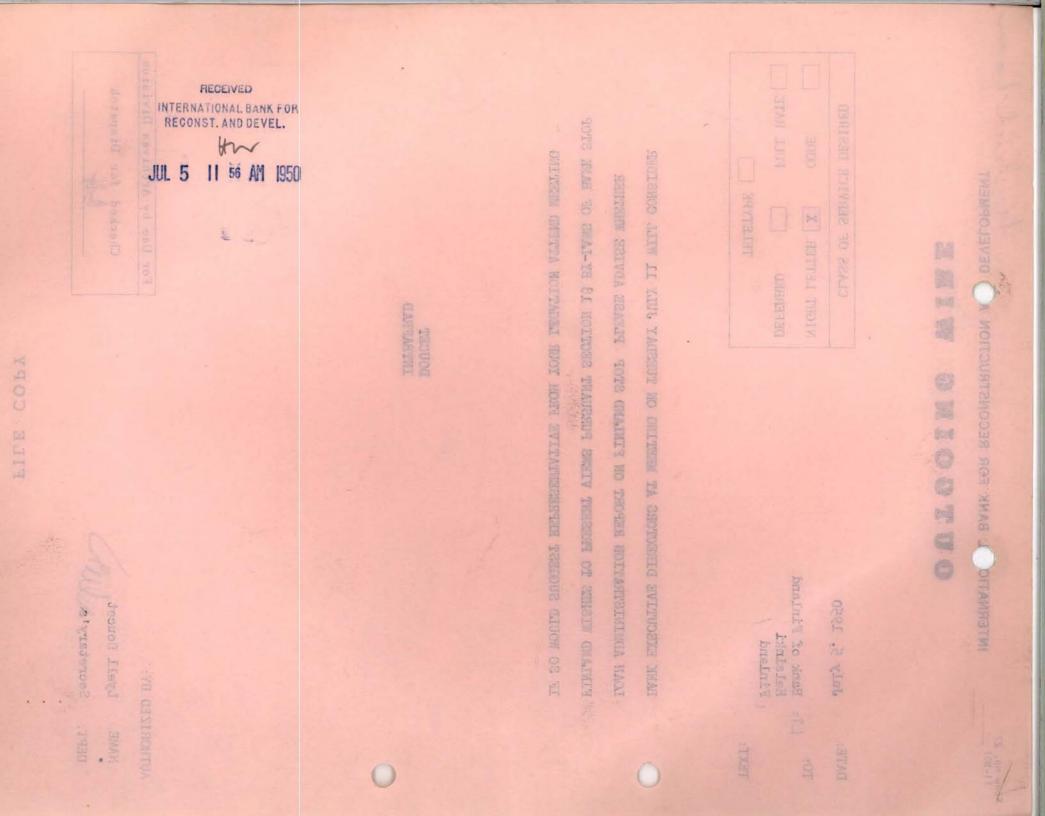


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	Chec	ked	for	Dis	patch

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FILE COPY



FilEla. Power

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

BERAKDOWN LIST OF GOODS

I. ELECTRIC POMER PROJECT

1.	Tht				
	ъ.	Air-1 gear	equipment for Walkiekoski Water Power Pl	ant	\$ 100,000
3.	Ime	itran l			
	a.	50 c a ver Pouer Contr	3-phase alternator, 40000 kVA, 10,5 kV, ycles, 150 R.P.M. for direct coupling to rtical Kaplan turbine in Imatra Water r Plant. rect price Payment as of Jan. 25, 1949	\$ 630,801 300,000	330,801
	b,	30000 equij and s Conti	3-phase synchronous condenser No. 1, 0 kVA, 10,5 kV, 50 cycles, 600 R.P.M. oped with a direct coupled exciter starting motor for Petäjävesi substation ract price Payment as of July 12, 1949	257,553	180,247
	đ.	One 3 30000 with	3-phase synchronous condenser No. 2,) kVA, 10,5 kV, 50 cycles, 600 R.P.M. exciter and starting motor for javesi substation	madadallarisinis	260,000
5.	0.	Y. St.	dinberg A. B.		
	e.	Spazy	e parts for Velox steam-boiler plant	8,000	
	d.	Oscil	llograph and vibration recorder	10,000	18,000
8.	Con	parte	s constructing never plants		
	8.	(1) (11)		131,808	
		(iv)	and motors (for Gulujoki C. Y.) Bearing pinions and chains	30,296	
		(v)	(for Pohjolan Voima Oy) Spare parts for empavator	2,194	
		1.1.1	(Tyrvään Voissa Oy)	12,000	
	b.	4 cat	torpillar tractors	16.060	222, 353
9.	121.0	<u>cellan</u>	ecua		
		Printer			

a. Including reserve for escalation clauses and contingencies

BREAKDOWN LIST OF GOODS - cont.

.0

I. ELECTRIC POWER PROJECT

10.	Oulufoki C. Y. (Oulu River Co.)		
	a. Excavator with spares		\$ 467,625
11.	Various companies and enterprises		
	a. Lightning arresters and insulators	\$ 115,000	
C	b. Electrical instruments	10,000	
	c. Set of new blades for steam-turbine rotor	7,000	132,000
			\$1.750.000

Page 2

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Filden.

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

67 Rue de Lille PARIS (7e)

AIR MAIL

June 30, 1950

Letter No. P/EU-FI/25

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

Dear Mr. Aldewereld,

Electric Power Projects

I thank you for your letter No. P/EU-FI/28 of June 14, 1950, regarding the Schedule of Purchases and Deliveries to be submitted by EKONO. I have discussed this question with Mr. Tauriala and he will speak to EKONO and request them to use the revised form of schedule.

Woodworking Industries Projects

I also took the opportunity to call to Mr. Tauriala's attention the fact that we have not as yet received a Schedle for the month of May from the Central Association of Woodworking Industries, and mentioned in this connection that we would appreciate having this in the revised form as soon as possible.

Sincerely yours,

Ide Ichihatel

A. de Tchihatchef

Seen by m. aldewereld 7/7. x nf. on twoodworking xin. AFG/MBL.

NP

E.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WASHTNIGTON BETTON, 67 Rue de Lille

June 30. 1950

Letter No. P/BU-FI///

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

Dear Mr. Aldewereld,

I thank you for your letter No. P/EU-FI/28 of June 14, 1950, regarding the Schedule of Purchases and Deliveries to be submitted by EKONO. I have discussed this question with Mr. Taurials and he will speak to EXONO and request them to use the revised form of sche-.alub

Woodworking Industries Projects

I also took the opportunity to call to Mr. Tauriala's 4 attention the fact that we have not as yet received a Schew file for the month of May from the Central Association of Sodworking Industries, and mentioned in this connection Bat we would appreciate having this in the revised form as soon as possible.

Sincerely yours,

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A. de Tchinatchef'

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ALERNATIONAL BANK CUP RECONST. AND DEVEL.

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	•			Fi/Wood	levarking
100		0		due	¢.
		\$12.5 MILLION LOAN TO THE BANK OF FINLAND			
		BREAKDOWN LIST OF GOODS			
		II. MOODMORKING INDUSTRIES PROJECT			
2.	Thtyp	et Paperitehtaat C. Y. (United Paper Mills, Ltd.)			
	(1)	Myllykoski Roard Mill 1 Combination Fourdrinier and Cylinder Nachine for making high-grade paper boards, with Yankee cylinder, suriliary machines and electric drive.		\$ 2,600	,000
С	(11)	Walkiakoski Sulphate Mill 1) 1 Soda recovery unit, complete with causticizing equipment, control instruments, electric motors and starters		600	.000
	there is a			\$ 2,200	,000
2.		Osakevhtic (Kymi Co. Ltd.)			
	(1)	Evenena Calluloss 1911 a) 1 Dunbar chapper with motor b) Incomal screen plates c) Coal bricks for walling digesters and acid cisterns	18,508 35,000 18,700	\$ 72	,208
0	(社)	Examene Nechanical Pulo Mill a) 1 Waterous Grinder b) Cfinder motors d) 1 Transfonter g) 1 Somith screw press 1) Heat exchanger j) Thew-Lorain Crane & its miscellaneous copt.	82,000 21,215 26,300 14,561 3,500 21,010	168	,586
	(111)	 Kunnene Paper H11 a) 1 Beating Unit b) 10 Farrell machine callendar rolls c) 1 Drott Go-Devil tractor crane; one automatic single lift rider and 3 jack lift automatic lead trucks d) Size press and suction press roll for P.M. 3 e) 2 Beloit rubbar covered suction presses with auxiliaries for P.M. 5 	69,788 14,200 26,281 30,000 40,000		
		1) Rubbar covered suction presses for P.M. 6	50,000	230	+259
	(v)	Noika Callulose H111 b) Bauer refiner 100 H.P.		12	,000
	(71)	Hoikka Paper Mill a/b) 6 Nach vocam pumps with motors c) 1 Stapling truck d) 1 Ress-Grewin ventilation system c) 2 Double compartment suction boxes f) 2 Lumpbreakers g) 2 Flat Resse	93,168 4,511 19,140 47,528 13,160 <u>6,446</u>	283	953

(vii)	Hoika Hydroclastric Fower Flank f) Boiler g) Transformer	\$ 600,000 <u>60,000</u>	\$	660,000
(1111)	Medica Fanor Mill and Machanical Fuls Mill a/b) Grane with grab and concrete miner and mise. eqp c) Bauer refiner, 300 H.P.	t. 27,000 21,000		48,000
(11)	 <u>Remaankoald Famor Hill</u> a) 1 Suction press with pump b) Bauer classifier c) Suction press roll for P.M. 8 d) Suction couch roll for P.M. 9 c) Spare subbor covered suction press rolls for P.M. 8 and 9 c) Ventilation hoods for P.M. 8 and 9 	20,000 1,012 20,000 20,000 20,000	83	103.012

4. Enco-Antzeit Destandutio (Conso-Cutseit Co., Itd.)

(1) Katkonan Aulahata Mill

10 0000 01 01 01 01 01 01 01 01 01 01 01	 192" High Speed Kraftliner board machines This consists of Fourdrinier section with all rolls suction bonns, press section with press and center r pressure applying and pressure felt equipment, dryer with dryers, condensate remover and dryer folt equip Two calendar stacks, real, unsinding stand, winder, framing, sole plates, mechanical drive, gear units, system, internal pipework and provision for escalation also included. Electric power drive Sutherland hefiners noters for Refiner Condensation and other associated apparatus Fork Mift trucks Contensation Engineering sode boilers This unit consists of scalter furnees, boiler super-beater, beiler fittings, soct blowers, economiser, air heater insulation and brickwork, air and gas ducts, supervising stool work and buckstays, induced and forced draft fans, all despore, cil burners and air compressors, evaporators, black liquer pumps and nozales, scalt pouts, all regulators, meters, notors with starters, controls and coupling will be intered and coupling will be intered and coupling will be intered. 	olls, section cont, mohine olling on are 714,560 200,000 61,000 14,666 24,000 13,050	
1)	included. 10 KV indeer vertical lift metal-clad suitchmar	700,900	
	assably plus escalation	81,900	
3)	Steam and condensation water lines	30,000	\$ 1,840,0%
Wash	2m 10899		

(11) <u>Ection Mill</u> 1 3-ton travelling orang

	1 mg				
10 7	1				
1.1				*	ago 3
	(1v)	Parviainan Venaer Factory 2 4,000 1b. Fork lift trucks		0	13,280
	(v)	Lahti Spoal Mill 1 1,000 lb. Fork lift truck			3,661
	(v1)	Porests 2 Caterpillar treators	27,922.	\$	23,216 1,901,233
7.	G. A. (1)	Sorlachius Osekonhtio (G. A. Serlechius Itd.) <u>Tako Board Mill</u> a/b) 1 Steam boller, supplementary parts, spare parts and services		\$	179,073
	(11)	Kancas Pener 1911 a/b) 1 Steam bollor, spare parts and services			213,571
	(111)	Montte Paper Mill Steam boller spare parts and services			83,139
	(iv)	l complete Fourdrinier paper machine, audiliary machinery and mise. items			L, 339, 186
	(v)	Equipment for Paper Machine No. 7			56,230
	(vi)	Equipment for power generation, power distribution, and connection to National power system		•1	53,120
	Reune	Rasha Gaskavintio (Rauna-Rashe Ltd.)			
	(1)	Sulphate Mill 15,000 kilos acid-resisting steel	\$ 25,500		
	(11)	Shipping b) 40,000 kilos pipes	9,300		
	(111)	Sulphite soda recovery unit	576.000	\$	613,800
9.	Torvalo	oski Osskavitic (Tervakeski Co. Ltd.)		-	Reflection and an end of the sys-
	(1)	Pulp beating equipments a) 1 Gordon Rafiner for Rag pulp b) 1 Beater for rag pulp c) 1 Driving gear d) Engaving roll with bronze shall e) Fulp cleaners	\$ 10,000 15,000 3,000 7,000 15,000	8	50,000

1000	1 mm	
100	120	- R
4.5	20120	- 44

	(11) s k	a second s	\$ 10,955 <u>9,166</u>	\$	20,121
	(iv) 1	Suction roll		\$	<u>11,000</u> 81,121
10.	Hame Far 1 Plywoo	eritehdas Osakevhtio (Hame Plywood Mill Ltd.) d glue press, 92" x 66"		\$	52,516
11.	b) 2 tr d) 1 La g) 1 Tr h) 1 su i) Extr	akeyhtio (Nokia Co. Ltd.) ucks for handling of paper the for hig rolls actor with dozer shovel and dozer blade ction press roll for paper machine V a mantel for above suction press roll for paper machine IV	\$ 10,000 19,300 6,700 29,000 10,000 25,000		100,000
12.		ral Association of Finnish Woodworking Industries Working machinery, sundry equipment and contingencies		-	2,033,233
13.	Tanmerfo 1 Cowan	<u>rs Linne-och Jern Mamifaktur Ab</u> Screen			9,700
14.		Metalläuksvaveri Ab aving looms		-	58,000
				\$ 10	,450,000

<u>G. A.</u>	Serlachius Osakovitio (G. A. Serlachius Ltd.)	-	Price in 8	
(iv)	1 Complete Fourdrinder paper machine for Greaseproof paper. The width of the machine 180", production 40 tons per 24 h when substance 40-70 gr/m ²	\$1,	,070,920	
	Montage Auxiliary machinery: 5 continuous beaters 2 Voith screens 1 Voith reminder 1 Hoist crane 20 tons 1 " " 8 " " 2 Special headbox 4 Morden Stocknakers with 2 spare fillings 4 Morden Stocknakers with 2 spare fillings 4 Morden Stocknakers with 2 spare fillings 4 Morden Stocknakers 1 Ratesleeve flow motor for slush pulp 1 single cutter 60" 1 Mastepaper cutter 1 Mastin Folder nachine 1 Waspang machine for napkins 2 Sectional Drive 2 Sectional Drive 2 Section ccuch Kangas FM III 1 Yates Moulder C 99 1 Cutting & Greasing press 10 tons stainlees steel quality Remanit 1880 SSM 1 Yale KM 30-EM Electric Forklift truck complete with 2 f 2 Fruck 1 Toilet paper machine and wrapping machine Consistensregulators 1 Swift dupler "Easy Drive" Cutofknife with electric underworks and lower layboybelt 2 Calipering Calender		25,600 6,900 2,255 14,000 6,202 11,135 5,000 63,095 11,000 15,400 26,000 10,000 7,482 2,592 19,735 1,100 27,760 12,000	
		\$1,	,339,186	
(v)	Equipment for Paper Machine No. VII			
	 350 m steam pipe \$ 400 mm including 2 compensators 4-valves and 1 - safety valve for same Reconstruction of STAL turbine, Mänttä 1 - Green economiser for old boiler house, Mänttä 2 - 5,000 kVA transformers Relays for 3 kV switchboard 25 - kWh-meters 	9	11,500 7,000 9,700 4,800 21,925 803 552	
		4	66. 200	

7.

C

56,280

7.	<u>G. A</u>	<u>. Ser</u>	rlachtus Osekeyhtio (G. A. Serlachtus Ltd.) - cont.	Price in S
3	(vi)		ipment for power generation, power distribution, and meetion to National power system	
		8) 9) 12) 13) 14) 15) 16) 19)	 1 - boiler feed pump turbine for Kangas 1 - boiler feed pump turbine for Take 1 - 500 kVA transformer f. distr. Mänttä 2 - 3,000 kVA transformers f. distr. Mänttä 4 - 50 kV potential transformers 35 - relays 6 - registering kN-moters 1,200 - suspension insulators with fittings 30 - busbar insulators with clamps and pins, 50 kV 500 V capacitors, 540 kVAr 500 V capasitors, 540 kVAr 	 3,274 3,274 1,710 23,600 4,405 1,525 2,685 3,489 297 4,430 4,430

\$ 53,120

INTERNAT NAL BANK FOR RECONSTRUCTION ND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. Paul F. Foster 7 7 9

FORM 10. 57 (5-48)

DATE: June 30, 1950

SUBJECT: Finnish Loan Administration Report of June 15, 1950

1. In accordance with the decision taken at the Staff Loan Committee Meeting on June 27, 1950, concerning dissemination of the above report, the attached draft letter has been prepared for attachment to the President's letter transmitting the report to the Board.

 This draft letter has been cleared with representatives of the Legal and Economic Departments and has been seen by Mr. Schmidt.
 I understand that you have already obtained a suitable paragraph to be added to the President's letter of transmittal to the Board concerning the attached draft.

haft A. neworked in accordance with your suggestions, is also attacked

NJP/pmk

DRAET

Dear :

I am pleased to submit for the information of your Government the First Loan Administration Report dated June 28, 1950, on the \$12.5 million loan to the Bank of Finland of August 1, 1949, guaranteed by the Republic of Finland, and the \$2.3 million loan to the Republic of Finland of October 17, 1949. This Report has been submitted to and considered by the Board of Directors of the Bank.

Similar reports are prepared periodically by the Bank on all outstanding loans and, in view of the close working relations between the Bank and its Members, are generally made available to the governments concerned.

Part III of the enclosed Report relating to Finland's economic and financial situation is of particular interest to the Bank and certainly will be of equal interest to your Government. Therein the Bank expresses the conclusion that although the level of output in most sectors of the Finnish economy has increased and Finland's external financial position has continued to improve, strong inflationary pressures nevertheless have developed.

The Bank is fully aware of the Government of Finland's desire and intention to stabilize the financial situation and we are pleased to know that your Government has invited the International Monetary Fund to send a Mission to Finland for consultation on the economic position and on measures which would make possible the establishment of a par value for the markka.

The Bank will continue to observe with interest the efforts of the Finnish Government in promoting Finland's further economic progress.

Respectfully yours,

Attachments.

Dear Mr. Mensites

I am pleased to submit for the information of your Government the First Loan Administration Report dated June 15, 1950, on the \$12.5 million Loan to the Bank of Finland of August 1, 1949, guaranteed by the Republic of Finland, and the \$2.3 million Loan to the Republic of Finland of October 17, 1949. This Report has been submitted to and considered by the Board of Directors of the Bank.

Similar reports are prepared periodically by the Bank on all outstanding loans and, in view of the close working relations between the Bank and its Members, are generally made available to the governments concerned.

Part III of the enclosed Report relates to Finland's economic situation and will be of particular interest to you and your Government. Although the level of output in most sectors of the Finnish economy increased and Finland's external financial position continued to improve, strong inflationary pressures have developed. We know that the Government of Finland is anxious to stabilize the financial situation and are pleased to note that it has invited the International Monetary Fund to send a Mission to Finland for consultation on the economic position and on measures which would make possible the establishment of a par value for the markka.

The Bank will continue to observe with interest the efforts of the Finnish Government in promoting Finland's further economic progress.

Respectfully yours, Your sincerel

Enclosure Attachment

Du Minil' African

His Excellency Veino J. Su balaine minister of Lin auce Helsinki, Finland

cleaned my Hill . with my Hell . 1950

June 30, 1950

Fi dand hoan

Messrs. Ripman, Rutland and Street

R. W. Cavanaugh

Loan 16 FI - Sugmen Pankki - Finlands Bank: Revisions to the List of Goods

On June 9, 1950, the Bank approved certain additional modifications of the List of Goods to be financed under the subject loan. Attached herewith is a Revised List of Goods showing the transfers which we have effected on our records as of June 30, 1950 in conformance with such modifications.

Attachment

cc: Rutland Street Deely Perez

LPerez;hg

LOAN 16 FI

REVISED LIST OF GOODS AFFRONED JUNE 9, 1950

		RØ C	n Considerat Adjusted by Dances of 1 5 2/27/50	Page	ional Transfers Change in List ods Dated 6/9/50	Own	ginal Losn mitmont: As sted to Date
I. MLAN	TOPLATE REAL OF A						
********	United Paper Sills, Ltd. Emited Paper Sills, Ltd. Emited Power Coopeny, Ltd. Pohjolan Power Coopeny, Ltd. Stranberg Company Tampella Company Association of Electricity Supply Undertakings in	\$	174,440 64,170 569,378 18,000	8	74,140 nr. 64,370 nr. 201,670	\$	100,000 771,048 18,000
	Finland		0.98		ac-20-		-
9. 10. 11.	Coopenies Constructing Power Plants Miscellancous Gula River Coopeny Naminos Companies and		222,358 130,566 169,108		92,577 Dr. 1,483.87.		222,358 38,969 167,625
11. Various Companies and enterprises Unallocated	Waters	152,000 200,000		20,000 IF. 200,000 IF.		132,000	
		4	2,000,000	-	250,000 Dr.	0	1,750,000
II. 10009	CREEKS CHOUSTREES PROJECT:	(0.00)	ан на так на от сила али так на служ	a nag nag nag nag nag nag nag nag	a yan manangkan kanangkan dan kanang dan kanangkan dan k	KANDO DATA MARKA LEGU	ne data na da katar San di Kabupatén
1. 2. 3. 4. 5. 5. 7. 8. 9. 10. 112. 13.	United Paper Hills, 184. Symi Company, 184. Semi Company, 184. Emac-Outsait Company, 184. Lubje-Fotks Company, 184. Svarte Forks, 184. Svarte Forks, 184. Same-Raabs, 184. Rame-Raabs, 184. Rame-Raabs, 184. Rame-Raabs, 184. Servalouski Company, 184. Hervalouski Company, 184. Herv	\$	2,200,000 503,789 1,259,136 1,901,233 		972,239 1,259,116 pr. 2,536 3,000 pr. 70,121 2,536 6b,000	· · · · · · · · · · · · · · · · · · ·	2,200,000 1,476,028 1,901,233
3h. 15.	Timish tro-Tsaving Coopery Finalsh tro-Tsaving Coopery Challocated		\$8;398		1,977,311 Dr.		58;338
40 s	SZIMERADURIKASINIKA	100	-1 ₂ 970 ₂ 311 10 ₂ 000 ₂ 000		150,000	\$	10,150,000
		Sections	te the set of a bound to be a set of the set	CHANNE WARMAN AND	e beru Mende ingelien in de een van de de een van de eerste aan de teel in de eerste de seerste eerste de seer	Alter a subscription of the local	and so the state of the state of the state of the state

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LOAN 16 FI

REVISED LIT OF COORS APPROVED JURE 9, 1950

		As a Ch	1 Commitment Idjusted By 150008 of 5 2/27/50	Energy	ional Transfers Change in List Ms Dated 6/9/50	Ce	iginal Loan mitment As usted to Pate
III.	LIMESTONE ORISDING PRODUCT:						a service
	 Fargas Linestons Coopeny Lobja Line Company Earl Forestron Company Earl Forestron Company Earleals Marble Company Eahja-Hotka Company Eahja-Hotka Company Eahja-Hotka Company Eahja-Hotka Company Eahja-Hotka Company Eahja-Hotka Company 	*	78,193 182,885 19,551 55,185 7,000	0	2,677 6,035 55,185 pr. 7,000 pr.	\$	81,170 188,920 19,551
ñ	for Contingencies	mound	6,836		3,673	Ministration Advance	20,359
		-	350,000	8	50,000 Dr.	-	300,000
24.	TO BE ALLOCATED	-	159,009	0	150,000 Dr.	() ()	anananan ang ang ang ang ang ang ang ang
	TOTALS	6 1 	2,500,000	0 1000 1000 1000	tindutus And anno anno anno anno anno anno anno	0	12,500,000

June 29, 1950

· FILE COPY ? Tuland Loas

Dear Mr. Minister:

In accordance with the Bank's customary policy with respect to outstanding loans, the Management is due to make a report to the Board of Executive Directors on the \$12.5 million loan to the Bank of Finland of August 1, 1949, guaranteed by the Finnish Government, and the \$2.3 million loan to the Republic of Finland of October 17, 1949.

I am sending you herewith six copies of the report which has been prepared by the Staff of the Bank covering both these loans. Mr. Black has not yet transmitted the report to the Board and before he does so we would wish the Finnish authorities to have an opportunity of reading it. If there are any factual errors in our presentation, I shall be grateful for comment.

We do not of course expect the Finnish authorities to associate themselves with any views, opinions or conclusions which are based upon the facts. These will be entirely the responsibility of the Bank,

We are aiming to transmit the report to the Board of Executive Directors in time for it to be considered at the next monthly meeting of the Board, which is due to be held on July 11, 1950. I should, therefore, be grateful if I could have your comments as quickly as is convenient.

Yours sincerely.

W. A. B. Iliff Loan Director

Enclosures His Excellency Dr. K. T. Jutila Minister Legation of Finland 2144 Wyoming Avenue, NoW. Washington, D. C.

NJPatterson: jg:WABIliff:dh 6/29/50

FORM NO. 61 (4.48)

Copy No. 2 SLC/ CONFI

Finland Loan

DECLASSIFIED O DECLASSIFIED O SEP 12 2011 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT SEP 12 2017 STAFF LOAN COMPANY WBG ARCHIVES STAFF LOAN COM

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

Minutes of Meeting of Staff Loan Committee Held 2:30 p.m., Tuesday, June 27, 1950 in Room 1005

1. There were present:

Mr. R. L. Garner Mr. W.A.B. Illiff Mr. D. Sommers Mr. D. Crena de Iongh Mr. L. B. Rist Mr. O. H. Folk. Secretary

In attendance

Mr. O. A. Schmidt Mr. Paul Foster Mr. H. W. Robinson Mr. N. Paterson

2. Finland - Loan Administration Report

The Committee considered SLC/0/225, Loan Director's Memorandum on the Loan Administration Report on the Bank's Loans to Finland, dated June 15, 1950 and

CONCURRED:

in the Loan Director's recommendations.

- 3. The Committee recommended that, as a matter of general procedure, a copy of each Loan Administration Report, after having been considered by the Board of Directors, should be transmitted formally to the Member Government concerned, under cover of a letter from the President, which would contain such expressions of view and such recommendations as the Bank thought appropriate in the particular case.
- 4. The Committee adjourned at 3:10 p.m.

Dis	tribution		
	Mr. Eugene Black	9. Mr. A. S. G. Hoa	r
2.	Mr. R. L. Garner	10. Mr. O. A. Schmid	t
3.	Mr. W. A. B. Iliff	11. Gen. R. A. Wheel	er
4.	Mr. D. Sommers	12. Mr. E. G. Burlan	ıd
5.	Mr. D. Crens de Iongh	13. Mr. H. Folk	
6.	Mr. L. B. Rist	14. Files	
	Mr. L. B. Rist	15. Mr. Paul Foster	
Sec. 1 Sec. 1	Mr. R. H. Demuth	16. Mr. S. R. Cope	

FORM NO. 75 17.48

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT **ROUTING SLIP**

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GENERAL FILES AND CORRESPONDENCE. FROM-Archives Division



Helsinki,28th Jane, 1950. V/K.624/JG/MJ.

Loan

AIR MAIL

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

Gentlemen,

We are enclosing a letter of June 27th, 1950, under your address from the Central Association of Finnish Woodworking Industries, Helsinki, concerning the loan item IB-16-FI-II-7-(iv) with a relative letter from G.A. Serlachius Oy.

> yours faithfully, sporten PANKKI-FINLANDS BANK

> > Lek S

2 Enclo.

E CENTRAL ASSOCIATION OF FINNISH WOODWORKING INDUSTRIES

Members of this Association are: The Finnish Sawmill Owners' Association, Finnish Cellutose Union, The Finnish Woodpulp Union, The Finnish Paper Mills' Association, Tervakoski Osakeyhtiö, Finnish Board Mills Association, The Finnish Paper and Board Converters' Association, Prefabricated House Exporters' Association, Association of Finnish Plywood Industry, The Finnish Spoolmakers' Association, and all Finnish wallboard factories.

Telegrams: TRAECENTRUM

HELSINKI I, Aleksanterinkatu 36 B - HELSINGFORS Ö, Alexandersgatan 36 B.

Helsinki, 27.6.1950

Finland Loa

International Bank for Reconstruction and Development Washington.

Dear Sirs,

Re: IB-16-FI-II, Woodworking Industries Project.

Enclosed we send to you G.A. Serlachius Oy's letter of June 20th, re their loan item IB-16-FI-II-7-(iv). In this letter the Company informs that they wish to purchase a <u>Dup-</u> <u>lex Cutoknife</u> from West-Germany instead of U.S.A., as earlier informed in their purchasing project enclosure N:o 1 A.

We would appreciate getting your approval for this application soonest possible.

Yours very truly Pinska Traforadlingsindustriemas Centralförbund

Encl. w/letter 38 June



International Bank for Reconstruction and Development <u>MewXXXXXXX</u> Washington USA

Tampere, June 20th 1950

On the list nr.1 A made by G.A. Serlachius O.Y. Mänttä - and approved against the 10 million dollar credit for the Finnish Wood Working Industries there appears (Item 18) a Duplex cutter for corrugated and solid boxboard to be bought from the firm George W. Swift Junior Inc., Bordentown, N.J, USA

As however, the question of choosing this machine could not be finally settled before the list was sent to your Bank, as some of the offers were still missing, and thus the purchase could be thoroughly considered only now, when all the information has been received, we request that we might buy this machine from the Western Germany firm Jagenberg-Werke A/S, Dusseldorf, who offer a Duplex cutter more suitable for our use and more allrounded at a prise of \emptyset 21.500.-. The difference of price in favour of the Jagenberg machine is \emptyset 6.260.-. Besides this considerable price difference, the importance of purchasing the cutter from Jagenberg is strengthened by the fact that on our department of sized board all the other cutters are this firm's production; the care of the new machine will thus be much easier than that of a Swift machine.

If the Bank can accept our application above, which we intensily hope, we also request, that we might use \$5.500.- from the price difference to purchase an additional apparatus for the sizing machine of offset-printed folding board boxes, made by The International Paper Box Machinery Company, Nashau N.H. USA.

POSTADRESS TAMMERFORS

TELEGRAMADRESS TAKO TELEFON 5160 SERIE

 SERLACHIUS O.Y.
 International Bank for Reconstruction

 TAKO
 and Development

 TAMPERE
 Washington,

-2-

which we purchased about 2 years ago. This additional apparatus would enable us to use the machine for sizing both sides at the same time - we can now size only one side - and thus could one whole working phase be omitted. This again would speed up the sizing proceeding and make it cheaper, removing the present obstacle from the way of pliable production. Our offset-press department was founded after the war and was meant partly to help us in raising the working degree of the folding box board we produce for export, in which endeavour we already have succeeded. This new additional apparatus would further facilitate our possibilities to compete on the export market of these products.

We would be very grateful if the Bank could approve our application.

Very truly yours pp. G.A. Serlachius O.Y. Em Ecculiated Fullytenhal FORM NO. 58 (5-48)

FROM:

BANK FOR RECONSTRUCTION ANL DEVELOPMENT INTERNATION

OFFICE MEMORANDUM

Mr. Paul Foster TO: Herbert W. Robinson Hull

June 21, 1950 DATE:

Finland Local

Finland: Loan Administration Report SUBJECT:

> As requested by Mr. Paterson, I attach a page of "Basic Statistics" for the Finnish Loan Administration Report. This follows the lines of the table given in the French Loan Administration Report.

HWRobinson: js:#2064 cc: Mr. Paterson

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. Aldewereld

DATE: June 21, 1950

Fi Simistone

FROM: Hugh B. Ripman

FORM No. 57

(5.48)

SUBJECT: Bank of Finland Loan - Limestone Grinding Projects May Schedule of Purchases and Deliveries

With his letter No. P/EU-FI/24 of June 15, 1950, Mr. de Tchihatchef sent us the Schedule of Purchases and Deliveries for the Limestone Grinding Projects for the period ended May 31, 1950.

The following table shows the situation as at the end of the periods ending respectively April and May 1950:

		April 30, 1950	May 31, 1950
1.	Loan funds allocated to all specific projects (excluding reserve for con-		
	tingencies for \$10,359)	\$283,606.00	\$289,641.00
2.	Amount of orders placed for projects in		
	which the Bank participates	100,238.90	107,866.30
3.	Amount of loan funds allocated to these		
	projects	124,247.00	120,421.00*
4.	Loan funds for which orders remain to be		
	placed (excluding reserve for contin-		
-	gencies for \$10,359)	183,267.10	181,774.70
5.		6 rma lul	10 ((r h)++
1	to manufacturers	6,573.44	12,665.44**
6.	Disbursements made by the Bank	10,164.00	10,164.00
7.	Value of equipment installed, in operation	(rea hh	20 11- 11
0	or in storage at the end of the month	6,573.44	12,665.44
8.	Value of 3 fully documented vouchers sent	r ark ra	
	to Finland up to April 30, 1950 Value of 4 fully documented vouchers sent	5,154.53	
	to Finland up to June 1, 1950		0 020 27
	to rintand up to solle 1, 1950		9,920.27

* The decrease between the amount shown as at the end of April and that shown at the end of May is due to changes in the list of goods.

** A letter of enquiry was sent to Mr. de Tchihatchef on April 24, 1950, (Letter No. P/EU/FI/18), requesting him to ask the Bank of Finland for an explanation as to the methods used in computing this figure. No reply has yet been received.

From the indications contained in this schedule, it is still possible to ascertain that the equipment covered by Voucher No. 20-1-2 which we sent to Finland has been put into operation. On the other hand, it is not possible to reconcile the 3 other vouchers with the schedule. It is, therefore, not yet possible to draw conclusions as to whether it might be advisable to eliminate the preparation by the Bank of Finland of end use reports on individual vouchers.

No action required.

BPSpiro:ea

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

Mr. W.A.B. Iliff TO: via Mr. A.S.G. Hoar

Paul Foster

June 21, 1950 DATE:

and Loan

FROM:

FORM NO. 57 15-481

SUBJECT:

1.

Basic Statistics for Loan Administration Report on Loans to Finland

revesed

If the attached page of Basic Statistics is satisfactory to you, I shall have this page mimeographed and distributed to the members of the Staff Loan Committee for their use with the Loan Administration Report on the Loans to Finland, which is scheduled for consideration by the Staff Loan Committee on Tuesday, June 27.

Also, this page will be inserted in the Report prior to its distribution to the Executive Directors.

Thould add 1949 budged figures. It Do the Asholesale hices, Kost Splinne, Wages, indices refer to 1937/1938 bases in the same kind of mark as the 1949/50 figures?

They are index multiple based on It ines about port of the port of

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<u>Republic of Finland</u> <u>Basic Statistics</u>

<u>Area</u>: 130,000 square miles (337,009 sq. km.) <u>Population</u>: 4.0 million (1949)

Currency Unit: Finnish "Markka" (Sign F. Mk.)

Exchange Rate (June 21, 1950): F.Mks. 231.00 = U.S. \$1.00

Trade Statistics (Year 1949)

12.

2

Imports		\$411	million
Exports	(excluding reparations deliveries of \$73 million)	\$401	million

Balance of Payments on Current Account (excluding reparations deliveries)

1948 deficit	\$39 million
1949 surplus	\$ 2 million

National Income (in current marks at market prices)

Year 1949 F.Mks. 400 billion

Budget (in Billion F.Mks)

1950 1949 Expenditure (Actual) (Orig. Budget Estimates) Current 92.93 77.50 Capital 39.90 26.80 132.83 104.38 Revenue Current 111.40 95.28 9.10 Deficit 21.43 14.58 9.18 Capital Revenue

Public Debt

Long-term External Debt (Jan. 1, 1950) (expressed in U.S.\$)	\$313.8 million	
Wholesale Price Index (1937 - 100)	967	(April 1950)
Cost of Living Index (1937 = 100)	882	(April 1950)
Wage Index (Hourly Earnings) (1938 -	100) 1260	(October 1949)

<u>Gold and Foreign Exchange Reserves</u> of the Bank of ^F inland:	Dec. 31 _1938	Dec. 31 1948	Dec. 31 1949
Gold (\$ million)	26.5	6.0	6.0
Foreign Exchange (\$ million)	48.5	18.2	11.9

FORM No. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

fi/ wood

OFFICE MEMORANDUM

DATE:

June 20, 1950

	TO:	THE	FILES
--	-----	-----	-------

FROM: Benjamin P. Spiro

SUBJECT: Bank of Finland Loan - Woodworking Industries Project

Attached to his letter No. P/EU-FI/23 of June 8, 1950, Mr. de Tchihatchef sent us copy of a letter he wrote to Mr. Tauriala of the Bank of Finland concerning the form of reports made by Kymin Oy on the Kymmene Cellulose and Pulp Mills. In their present form, these two reports contain very little information of interest to the Bank and it is hoped that the reports prepared in the form which Mr. de Tchihatchef outlined in his letter to Mr. Tauriala will be more complete.

Reference to Mr. de Tchihatchef's letter has been made in our letter No. EU/273 of June 15, 1950, to the Bank of Finland, in which we listed the specific projects on which we expect to receive quarterly reports as at August 1, November 1, February 1 and May 1 of each year.

BPSpiro:ea

INTERNATION BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. A. de Tohihatchef

DATE: June 19, 1950

for where

FROM: A.F. Geolot

SUBJECT: Electric Power Projects, Finland.

You will note that Washington (their letter No. P/EU/FI/28 of June 14, 1950) are not satisfied with the April and May Schedules of Purchases and Deliveries made available by Ekono, as they do not conform with the new headings; though, as you will recall, Ekono were the people who actually supplied the prototype of the form which is now to be standard for all of the projects under the Finnish Loan.

I have not written to Mr. Tauriala concerning Washington's letter, as I think that we might better telephone to him and explain what is required. In this connection, Ekono prepared on March 31 a comprehensive report for the Schedules of Purchases and Deliveries (which was the prototype already mentioned) concerning the first three months of 1950 and it may well be that it is their intention to make available a similar report on June 30 for the first half year 1950. Whatever their intentions may be, we could suggest to Mr. Tauriala that he should request them to compile such a report and continue to prepare the same type of report for the following months. This would cover entirely the Washington requirements.

While on this subject, I should like to mention that we have not as yet received the Woodworking Industries Schedule of Purchases and Deliveries for May (I am referring here to the Woodworking Industries Schedule under the Loan 16 - Fl - 2, not the Schedule for the Timber Loan which has been received, though not in the revised form). In speaking to Mr. Tauriala I suggest that we draw his attention to this apparent omission and request that it should be rectified as soon as possible and ask him to ensure that the Woodworking Industries use the revised form.

Q ig/

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Fileler. X-lef to Filwood ,

June 15, 1950

Letter No. EU/273

Cable to Tr. Caeha - Sep. 12.

Bank of Finland.

Helsinki, Finland.

Gentlemen:

Attention: Mr. T. Tauriala

We should like to refer to our letter No. EU/95 of August 24, 1949. in which we asked you, in all instances where the loan serves to finance a large portion of the foreign exchange costs of an entire unit, plant or complicated machine, to submit brief monthly reports on the progress made toward completion of the project. Now that the new list of goods has been signed, we would like to revise the list of projects falling under this definition to read as follows:

Electric Power Projects

3a, Imatra Power Company, Ltd. 3b. & d. Imatra Power Company, Ltd. Petäjävesi Substation Oulu River Company 10

Imatra Water Power Plant Excavator

Woodworking Industries Projects

United Paper Mills, Ltd. 1.1 1.11 United Paper Mills, Ltd. 2. vii Kymi Company, Ltd. 4.1 Enso-Gutzeit Company, Ltd. 7.1v G.A. Serlachius, Ltd. 8.111 Rauma-Raahe, Ltd.

Myllykoski Board Mill Walkiakoski Sulphate Mill Woikka Hydroelectric Power Plant Kaukopaa Sulphate Mill Fourdrinier Paper Machine Sulphite Soda Recovery Unit

At the same time we would like to take this opportunity to change the frequency at which the reports should be submitted from a monthly to a quarterly basis, the reports to be prepared as at August 1, November 1, February 1 and May 1 of each year.

In his letter to you of June 7, 1950, Mr. de Tchihatchef mentioned the headings which might be used by the companies involved as a general guide in the preparation of the reports. We should like to emphasise that we do not wish to receive very detailed reports but merely textual remarks on the progress of work during the period under review. The first report you sent us on the Kaukopaa Sulphate Mill was a good example of the kind of report we have in mind.

Very truly yours,

S. Aldewereld

BPSpiro:ea O.C. Mr. de Schikatchef.

Finland Loan

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STAFF LOAN COMMITTEE

LOAN DIRECTOR'S MEMORANDUM

FINIAND - LOAN ADMINISTRATION REPORT ON THE

LOANS TO THE BANK OF FINLAND AND TO THE

REPUBLIC OF FINLAND

I attach for consideration by the Staff Loan Committee:

- A. The text of a Loan Administration Report on the loans to the Bank of Finland and to the Republic of Finland, and
- B. A draft of a Memorandum by the President transmitting the Loan Administration Report to the Board.

2. After consideration of the Loan Administration Report by the Staff Loan Committee, I propose to clear it (<u>but not the President's</u> <u>Memorandum</u>) with the Minister of Finland.

3. I am aiming to have this report before the Board of Directors of the Bank at its regular July meeting.

W. A. B. Iliff

June 15, 1950

1.

June 15, 1950

Finland Loan

Sewmen Pankki - Finlands Bank c/o Legation of Finland 2144 Wyoming Avenue, N. W. Washington 8, D. C.

Gentlemen:

1000

Under Loan Agreement No. 16 FI between us, dated August 1, 1949, Loan Regulations No. 2 govern the procedure for determining the amounts payable by you on account of principal of and interest on portions of the loan advanced in non-dollar 18% currency as there defined. Article V of these Regulations has the effect of imposing on you the risk of exchange depreciation on such portions of the loan. However, Article V, Section 6 of Loan Regulations No. 2 provides as follows:

"If it shall finally be decided in accordance with Article IK of the Articles that the provisions of Article II, Section 9, of the Articles are applicable to 18% currencies during any period for which such currencies have been loaned by the Bank, then this Article shall not apply to payments falling due after the date of such decision."

Under date of May 23, 1950 the Executive Directors of this Bank made a decision interpreting Article II, Section 9 of the Articles of Agreement which satisfies the above condition. The full text of the decision of the Executive Directors is enclosed herewith for your information. As a result of that decision Article V of the above-mentioned Regulations has ceased to apply as of May 23, 1950 with respect to payments falling due after that date.

To the extent that 18% currency has been or shall in the future be withdrawn by you under the Loan Agreement, the amount of the principal repayable on account of such withdrawals will be the exact amount of such 18% currency withdrawn. In computing interest payable on such portions of the loan, we shall apply the rate specified in the Loan Agreement with respect to the principal amount of such 18% currency withdrawn and outstanding.

Sincerely yours,

D. Crena de Iongh Treasurer

cc: Legal Dept. Rutland (2)

RWCavanaugh;mg

June 14, 1950

FilElic Power

Letter No. P/EU/FI/28/Electric Power

Dear Mr. de Tchihatchef:

Further to our letter No. P/EU/FI/26 of June 12, 1950, we have now had an opportunity of reviewing the Schedule of Purchases and Deliveries for the month of May 1950 prepared by EKONO. There appears to have been a misunderstanding concerning our requirements. We would, therefore, appreciate it if you would ask the appropriate Finnish authorities to provide us in the future with cumulative monthly schedules of purchases and deliveries in the following form:

Column	1	-	Item Number (listed in numerical sequence)
			Cost to be financed by the Bank
H	3		Description of Item
8	4		Name of Purchaser
28	5		Date order placed
88	6		Name and address of manufacturer
	7		Price
	8 .		Promised F.O.B. factory
89			Date arrived in Finland
18			Amount paid manufacturer
12			Ultimate recipient
			Date at which installed or put in operation
H			Remarks.

This form of schedule which you have already requested the Bank of Finland to submit with regard to the Woodworking Industries and Limestone Grinding Projects on the basis of our letters No. P/EU/FI/17 and P/EU/FI/18 of April 24, 1950, has already been used in the preparation of the April schedule of Furchases and Deliveries - Limestone Grinding Projects, which you sent us with your letter No. P/EU/FI/20 of May 19, 1950.

Tou may have noticed that some of the information we now request in the Schedule of Furchases and Deliveries duplicates information which is to be included in end use reports. The purpose of this apparent duplication

Mr. A. de Tchihatchef, International Bank for Reconstruction & Development, 67 rue de Lille, Paris, France.

Mr. A. de Tchihatchef

June 14, 1950

is that should these schedules be prepared as we now request, we might be able to dispense entirely with the preparation of individual end use reports. However, we do not intend to make a final decision on this point before receiving several further schedules and a few end use reports to see if the information contained in both is consistent.

The new schedule would also make it possible to dispense with the monthly statements on possible delays which may be encountered in completing the various projects as the information which is to appear on the statement would normally be included in the column "Remarks" of the Schedule of Purchases and Deliveries.

The above information concerning our plans is for your private information, and no indication of it should for the present be given to the Finnish authorities. The realisation of these plans depends entirely on the Schedule of Purchases and Deliveries being prepared not only in the form mentioned above but on a cumulative basis, namely so that every schedule gives us a complete up-to-date story superseding previous reports.

Sincerely yours,

S. Aldewereld

BPSpiro: ea

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- 2 -

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

DATE:

June 14, 1950

Fi/Elec Pour

TO: Mr. S. Aldewereld

FROM: Hugh B. Ripman

SUBJECT:

FORM No. 57

(5.48)

Bank of Finland Loan - Electric Power Projects May Schedule of Purchases and Deliveries

Attached to his letter No. P/EU/FI/22 of June 8, 1950, Mr. de Tchihatchef sent us the Schedule of Purchases and Deliveries for May 1950. There appears to have been a misunderstanding either on the part of Mr. de Tchihatchef or on the part of the Bank of Finland concerning our requirements as this schedule, instead of being a cumulative statement showing the position of orders and deliveries as at the last of the month under review, merely shows the changes which are to be made in the statements we received previously.

In its present form, the schedule is not sufficiently clear to warrant making a statement as to the exact position of this category. The following table is to be read with this reservation in mind:

		April 30, 1950	May 31, 1950
1.	Loan funds allocated to all specific projects (excluding escalation clauses		
2	and contingencies for \$38,969). Amount of orders placed for projects	\$1,711,031.00	\$1,711,031.00
	in which the Bank participates Amount of loan funds for which orders	1,731,332.53	1,731,332.53
3.	have been placed	1,348,837.00	1,348,837.00
4.	Loan funds for which orders remain to be placed (excluding escalation clauses	-15 -1-510-6	-13-1-51000
	and contingencies for \$38,969).	362,194.00	362,194.00
5.	Disbursements made by the Bank	319,766.00	363,325.00
6.	Value of equipment installed, in operation or in storage in Finland at the end of	on	
	the month	127,631.70	174,352.77
7.	Value of 27 fully documented vouchers sen	nt	
	to Finland up to April 30, 1950	131,911.14	
	Value of 28 fully documented vouchers set	nt	
	to Finland up to May 31, 1950.		136,750.54.

The draft of a letter to Mr. de Tchihatchef clarifying the present situation is attached for consideration.

EPSpiro: ea

M

June 14, 1950

Fuland Loan

Dear Mr. Hallama:

I refer to your recent exchange of cables with the Central Association of Finnish Woodworking Industries concerning a guarantee offered by a Dutch Bank to Serlachius Oy., covering the delivery of equipment to be purchased from J. A. Voith, under the \$12.5 million loan to the Bank of Finland.

The Bank's attitude to this proposal is set out in the suggested cable attached which you may wish to send to the Bank of Finland instead of directly to the Central Association. Doubtless the Bank of Finland has been advised of previous developments in this matter or will now be so informed.

Yours very truly,

S. R. Cope Loan Officer

Attachment

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, NW Washington, DC Suggested cable to be sent by the Finnish Legation to the Bank of Finland:

" We refer to cable dated June 13 and letter dated June 8 addressed to us by Central Association of Finnish Woodworking Industries. Assuming the goods to be supplied by Voith are appropriate for the purposes of the loan and the price/reasonable, the Bank has no objection in principle to the proposed transaction provided that it would be carried out as follows:

- Either 1. By deposit of the requested amount to a special collateral account opened in the name of the Dutch Bank with a commercial bank in the United States, withdrawals from this account to be made only for payments for the particular items specified in the contract and with the authorization of International Bank. This would be in accordance with International Bank's procedure for deposit of collateral described in memorandum attached to their letter of August 17, 1949.
- Or 2. By a guarantee given by International Bank to the Dutch Bank to reimburse it for payments made to Voith. This procedure would follow the general lines of procedure for guaranteeing payments made under letters of credit."

(Prepared by Treasurer's Department and cleared with Legal and Loan Depts.)

Translation of outgoing cablegram of June 9, 1950 from the Legation of Finland to the Central Association of Finnish Woodworking Industries:

Finland hoan Finich file 13 June '50

"Please cable for Inter Bank ---- 1) to which zones of Germany are the German payments of Serlachius to be made. 2) Purpose of Bank guarantee and transactions supplying brief details including the name of the Dutch Bank in question."

Translation of excerpt of a letter of June 8 from the Central Association of Finnish Woodworking Industries to Mr. Hallama:

"The German Company Voith has proposed that the dollar payments be made to a Dutch Bank which Bank will pay further to Voith. The nature of this kind of payment is found by Serlachius to be very favorable and desirable because the Dutch Bank will at the same time give a dollar guarantee that Voith will fulfill its contract towards Serlachius. Dollar guarantee has a special significance considering the fact that if Voith will not be able to keep its engagement the machine in question can be ordered elsewhere, for instance, from the United States.

Translation of an incoming cablegram dated June 13 from the Central Association of Finnish Woodworking Industries to the Legation of Finland:

"Your cable of the 9th. We refer to our letter of June 8 to Mr. Hallama. All payments to the Western Zones of Germany. The name of the Dutch Bank not yet known to us. We request your decision in principle."

(Handed to Mr. Paterson by Mr. Hallama, June 13, 1950)

of tinland hoar

Dear Mr. Hallama:

The modification of the list of goods for the \$12.5 million loan to the Bank of Finland requested in your letter of June 9, 1950, has been accepted by the Bank.

In this connection I enclose the following documents:

(1) Copy of your letter of June 9, 1950, countersigned by Mr. Iliff on behalf of the Bank.

(2) Signed copy of the official list of

goods.

(3) Copy of the breakdown list of goods.

(4) Two copies each of letters (3) concerning Sections I, II and III of the list of goods. respectively.

Yours very truly,

P

S. R. Cope Loan Officer

Enclosures

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, NW Washington, DC

NJP/pmk c.c. Mr. Brion Miss Morsey Mr. Folk

Juiland hoar

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I enclose copies of Section I (Electric Power Project) of both the official and breakdown list of goods for the \$12.5 million loan to yourselves.

This Section contains modifications accepted in the course of discussions recently held in Finland with yourselves by Dr. Robinson and myself.

The official list of goods as amended is less detailed than previously. It is hoped that in this way more flexibility will be introduced into disbursements and minor changes in the list. The breakdown list should, however, be retained for working and record purposes.

Yours very truly,

-PC

S. R. Cope Loan Officer

NJP/pmk c.c. Mr. Brion Miss Morsey Mr. Folk

Finland hoan

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I enclose copies of Section II (Woodworking Industries Project) of both the official and breakdown list of goods for the \$12.5 million loan to yourselves.

This Section contains all modifications so far accepted and is based on the list of goods prepared by the Bank which Mr. Hallama discussed with you on his recent visit to Finland.

I should like to amplify the following points:

(1) The official list of goods as amended is less detailed than previously. It is hoped that in this way more flexibility will be introduced into disbursements and minor changes in the list. The breakdown list should, however, be retained for working and record purposes.

(2) As you already know from Mr. Hallam's recent cable, the Bank has accepted items amounting to \$1,448,586 which were submitted under cover of your letter of May 6, 1950 (Ref. VTT/PO K 466). These are now items II-7-(iv), (v) and (vi) and their composition is shown in detail in the attachment to the breakdown list of goods.

(3) In connection with (2) above, however, I should be grateful for any additional material you have prepared about the export market for the greassproof and glassine papers to be produced by the new paper machine for Serlachius Oy (Item II-7-(iv)).

(4) The Bank cannot agree to the inclusion of the condensating steam turbine costing the equivalent of \$115,584 for the Tako Mill of Serlachius Oy. The final payment for this turbine is not due until some time after the Closing Date of the Loan and, in any case, the items submitted by Serlachius Oy. exceed in value the \$1.5 million requested. (5) You will note that your letter of May 25, 1950 (Ref. V JG/PO) concerning Tervakoski Oy. and Sammon Rulla Oy. has been taken into account in the preparation of the revised list. The amount of \$19,000 for which Tervakoski Oy. is not yet able to suggest appropriate items has been temporarily transferred to the Central Association whence it may be reallocated later in accordance with the procedure set out in my letter of June 5, 1950.

(6) Finally, the total allocation to the Woodworking Industries Project has been increased to \$10,450,000 as a result of discussions held recently in Finland by Dr. Robinson and myself with yourselves and representatives of the Central Association of Woodworking Industries.

Yours very truly,

S. R. Cope Loan Officer

NJP/pmk c.c. Mr. Brion Miss Morsey Mr. Folk

Finland Loan

Suomen Pankki-Finlands Bank Helsinki Finland

Gentlemen:

I enclose copies of Section III (Limestone Grinding Project) of both the official and breakdown list of goods for the \$12.5 million loan to yourselves.

This Section contains all modifications so far accepted and is based on the list of goods prepared by the Bank which Mr. Hallama discussed with you on his recent visit to Finland.

I should like to amplify the following points:

(1) The official list of goods as amended is less detailed than previously. It is hoped that in this way more flexibility will be introduced into disbursements and minor changes in the list. The breakdown list should, however, be retained for working and record purposes.

(2) The breakdown list is substantially the same as the list submitted with Mr. Junttila's letter of May 17, 1950 to Mr. Hallama. The only changes made result from the consolidation of items III-2(v)-c into items III-2(v)a and (b) and the slight price increase in the latter two. This has been done in accordance with a recent communication from our Paris office which presumably reflects the latest wishes of Kalkkiy-hdistys.

(3) It has not been possible to increase the allocation to the Limestone Grinding Project beyond the total of \$300,000 discussed with yourselves and Mr. Junttila during the recent visit of Dr. Robinson and myself to Finland. Consequently the Bank cannot agree to inclusion of the compressor and additional conveyor belt for Pargas Kalkbergs AB., requested in Mr. Junttila's letters of April 12 and 1/1, 1950.

Yours very truly,

S. R. Cope Loan Officer

NJP/pmk c.c. Mr. Brion Miss Morsey Mr. Folk



June 12, 1950

Finland Loan

Mr. R. Brion

S. J. Paterson

\$12.5 million Loan to the Bank of Finland

The Loan Director has today accepted modification of the list of goods for the above loan, as requested in Mr. Hallama's letter of June 9, 1950.

For use in disbursement and end use supervision, I enclose two copies of each of the official and the breakdown lists, as now modified. It will be noted that details of equipment comprising items II-7-(iv), (v) and (vi) are set out in an attachment to the break-down list.

NJP/pmk Attachs. Miss V. Morsey

N. J. Paterson

June 12, 1950

Fieland Loan

\$12.5 million Loan to the Bank of Finland

The Loan Director has bedier accepted modification of the list of goods for the above loan, as requested in Mr. Hallama's letter of June 9, 1950.

In this connection I attach one copy each of the following:

- Letter of June 9, 1950, from Mr. Hallama requesting modification of the list of goods, countersigned by Mr. Iliff.
- (2) List of goods signed by Messrs. Iliff and Hallama.
- (3) Letter of June 9, 1950 from Jutilla certifying that changes made to the list of goods and acceptable to the Guarantor.

I should be grateful if one photostatic copy of each of the above listed enclosures could be sent to me in due course.

In the absence of yourself and Mr. Clark, Mr. Nurick acted for the Legal Department in this matter.

NJP/pmk Encls. Letter No. P/EU/FI/26/ELECTRIC POWER PROJECT

June 12, 1950

Ji / Elec

Mr. Andrew de Tchihatchef International Bank for Reconstruction and Development 67 rue de Lille PARIS, France

Dear Mr. de Tchihatchef:

Thank you for your letter No. P/EU/FI/22 dated June 8, with which you enclosed the duplicate of the Schedule of Purchases and Deliveries for May 1950, and a copy of your letter to Mr. Tauriala.

Sincerely yours,

S. Aldewereld

XIS

FORM No. 57 (5-48)

FROM:

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Files

N. J. Paterson

DATE:

June 12, 1950

SUBJECT: Loan to the Bank of Finland

1. Mr. Hallama received the following cable from the Central Association of Finnish Woodworking Industries on June 8, 1950, and showed it to me for comment on June 9, 1950.

"1. Has Interbank accepted the 1.5 million dollar request of Serlachius Oy. 2. The payments of second quarter of 1950 must absolutely be effected in June as the deliveries and deliverytimes are completely depending on the first instalments. 3. Is it possible to pay the invoices of the German company Voith to a Dutch Bank which offers a bankquarantee to the buyer which quarantee Serlachius Oy would like to take considering the circumstances in Germany. 4. A binding answer to these questions is needed before June 19 otherwise the unusually favourable contract with Voith will fall through."

2. After reference to Messrs. Cope and Brion, Hallama was informed as follows:

Concerning Point 1:

1. The Bank had accepted in principle \$1,448,586 of the \$1.5 million requested by Serlachius and the corresponding items were included in a revision of the list of goods.

4

2. The \$115,584 requested for a condensating steam turbine for the Tako Mill of Serlachius Oy. had been rejected. Mr. Hallama was told that this was because:

- (a) final payment for this item was 1 year after the Closing Date of the loan;
- (b) in any case the items submitted exceeded in value the \$1.5 million sought by Serlachius Oy;
- (c) the turbine was an isolated item for which a suitable substitute to bring the total to \$1.5 million could no doubt be suggested.

3. The Bank should be informed of the zone of Germany to which payments were required.

Concerning Point 3:

The Bank would require a full account of the technique and purpose of the proposed Bank guarantee transaction including the name of the Dutch bank concerned before considering the acceptability of this procedure.

-2-

Concerning Points 2 and 4:

The Bank noted these points which, however, called for no comment or action.

3. Hallama stated that he would send a cable suitably informing the Central Association. on June 9, 1950.

NJP/pmk c.c. Mr. A.S.G.Hoar Mr. R. Brion



Helsinki, June 10, 1950.

V TT/PÖ K.468.

BY AIR MAIL

Your ref.: Letter Nº EU/222.

Fi/Wood

our

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

Attention Mr. S. Aldewereld.

Gentlemen:

We refer to your letter of May 17 and in the meantime we have been in touch with the Finnish Association of Woodworking Industries, to whom we have communicated the inquiry in your letter in order to procure the desired information.

The Association is still busy with the material, and the reply will be forwarded to you immediately on receipt by us.

Yours very truly,

n Pankki-Finlands Bank B.U. 8/15-

m. Ri)



Helsinki, June 10, 1950.

V TT/PÖ K.469.

BY AIR MAIL

Your ref. : Letter M EU/222.

International Bank for Reconstruction and Development, Washington 85, D.O.

Attention Mr. S. Aldewereld.

Gentlemen:

We refer to your letter of May 17 and in the meantime we have been in touch with the Finnish Association of Woodworking Industries, to whom we have communicated the inquiry in your letter in order to procure the desired information.

The Association is still busy with the material, and the reply will be forwarded to you immediately on receipt by us.

Mrs. Ripmon

cours very truly, Suomen, Pankki-Finlanda Bank 144 NUAL



FORM NO. 57 (5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. W.A.B.Iliff through Messrs. Cope & Hoar

DATE: June 9, 1950

FROM: N. J. Paterson

SUBJECT: \$12.5 million loan to the Bank of Finland

The attached list of goods for the above loan embodies the recommendations of the recent Bank Mission to Finland and all modifications requested to date which have been suggested for acceptance. It has been checked by Mr. Hallama and the Treasurer's Department. The covering Vetter also attached has been cleared by the Legal Department.

If you approve, your countersignature on both copies of the two enclosures would give effect to the revision of the list of goods.

NJP/pmk Attachs.

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

LIST OF GOODS

I. ELECTRIC POWER PROJECT

1. Thtynest Paperitebtaat O.Y. (United Paper Mills, Ltd.)

b. Air-blast circuit-breakers, and other switchgear equipment

3. Imatran Voima G.Y. (Imatra Power Co. Ltd.)

a. One 3-phase alternator

b. One 3-phase synchronous condenser with exciter and starting sotor (No. 1)

d. One 3-phase synchronous condenser with exciter and starting motor (No. 2)

5. O. Y. Strömberg A.B.

c. Spare parts for Velox steam-boiler plant

- d. Oscillograph and vibration recorder
- S. Companies constructing pover plants
 - a. (1) Spare parts for excavators
 - (ii) Spare parts for tractors, cranes and motors
 - (iv) Bearing pinions and chains-
 - (v). Spare parts for excavator
 - b. 4 caterpillar tractors
- 9. Miscellaneous
 - a. Including reserve for escalation clauses and contingencies
- 10. <u>Oulujoki O.Y.</u> (Oulu River Co.)

a. Excavator with spares

- 11. Various companies and enterprises
 - a. Lightning arresters and insulators
 - b. Electrical instruments
 - c. Set of new blades for steam-turbine rotor

\$1,750,000

June 9, 1950

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

LIST OF GOODS

II. WOODAGRKING INDUSTRIES PROJECT

- 1. Yntyneet Paperitentaat O.Y. (United Paper Mills, Ltd.)
 - (1) Myllykoski Board Mill 1 Combination Fourdrinier and Cylinder Machine with Yankee cylinder, auxiliary machines and electric drive
 - (11)

1) 1 Soda recovery unit, complete with causticizing bed to and starters and starters

- 2. Kymin Osakeyhtio (Kymi Co. Ltd.)
 - (1) Kymmene Cellulose Mill
 - a) 1 chipper with motor
 - b) Screen plates
 - c) Coal Bricks
 - (11) Kymmene Mechanical Fulp Mill
 - 1 Grinder a)
 - Grinder motors b)
 - d) 1 Transformer
 - g) 1 screw press
 - 1) Heat exchanger
 - j) Crane and miscellaneous eqpt.
 - (111)Kymmene Paper Mill
 - a) 1 Beating Unit
 - b) 10 callendar rolls
 - c) 1 tractor crane; one automatic single lift rider
 - and 3 jack lift automatic lead trucks
 - d) Size press and suction press roll for P.M.3
 - e) 2 tubber covered suction presses with auxiliaries for P.M.5
 - f) Rubber covered suction presses for P.M.6
 - (v) Wolkka Celluloge Mill
 - b) Refiner
 - (vi) Woikka paper Mill
 - a/b) 6 vacuum pumps with motors
 - c) 1 truck
 - d) 1 ventilation system
 - e) 2 Double compartment suction boxes
 - f) 2 Lumpbreakers
 - g) 2 Flat Boxes

- (iv) 1 complete Fourdrinier paper machine, auxiliary machinery and misc. items
- (v) Equipment for Paper Machine No. 7
- (v1) Equipment for power generation, power distribution, and connection to National power system
- 8. Rauma-Raahe Caakeyhtio (Rauma-Raahe Ltd.)
 - (i) <u>Sulphate Mill</u> Acid-resisting steel
 - (11) Shipping b) pipes
 - (iii) Sulphite soda recovery unit
- 9. Tervakoski Osakeyhtio (Tervakoski Co. Ltd.)
 - (1) Pulp beating equipment
 - a) 1 Refiner for Rag pulp
 - b) 1 Beater for Hag pulp
 - c) 1 Driving gear
 - d) Engraving roll with bronze shell
 - e) Pulp cleaners
 - (11) a) 2 lift trucks b) 1 secop
 - (iv) 1 Suction roll
- 10. <u>Hame Faneritehdas Osakevhtio</u> (Hame Flywood Mill Ltd.) 1 Plywood glue press
- 11. Nokia Osakeyhtio (Nokia Co. Ltd.)
 - b) 2 trucks
 - d) 1 lathe
 - g) 1 tractor with dozer showel and dozer blade
 - h) 1 suction press roll for paper machine V
 - 1) Extra mantel for above
 - () One suction press roll for paper Machine IV
 - 12. The Central Association of Finnish Woodworking Industries b) Woodworking machinery, sundry equipment and contingencies
- 13. Tammerfors Linne-och Jern Manufaktur Ab 1 Screen
- 14. Finlands Metallduksvaveri Ab 2 Wireweaving looms

\$10,450,000

June 9, 1950

- (vii)
- Noikka Rydroslaetric Power Plant
 - Boilor
- Transformer
- (EELV)
- Hoikks Farar Mill and Mechanical Pair Hill a/b) Grane with grab and concrete sizer and mise. aqpt.
 - · Befiner 0)
- (dad) Kunsarkosid Faper M113
 - 23 1 Suction press with pump
 - 3) Classifier
 - Suction press roll for RE e)
 - 0 Suction couch roll for FM9
 - Spare pubber covered suction press rolls for PHS and 9 a)
 - 2) Ventilation hoods for M8 and 9
- 4. Enco-Gutzeit Ocakevhtio (Enco-Gutzeit Co. Ltd.)
- (1) Kinkopaa Sulphata Mill
 - al6 1 board machine including Fourdrinier section and all ancillary eqpt.
 - c) 1 Electric power drive
 - d) 2 Roffinara
 - 5 motors for rofingr X -69
 - Condensation and other associated apperatus 2)

×

- 3 Fork lift trucks Ø)
- b)
- 1 soda boiler and ancillary egrt. Indoor vertical lift metal-clad switchgoar assably plus oscalation 1)
- Steam and condensation water lines 1)
- (14) Kotka 11117 1 travelling erane
- <u>Parveinen Veneer Fectory</u> 2 Fork 11ft trucks (2v)
- $\langle \nabla \rangle$ Lahts Speel 1411 1 Fort lift truck
- (v1) Forests 2 catorpillar tractors
- 7. G. A. Sorlachius Deskeintie (C. A. Sorlachius Ltd.)
- (1)Taka Beard M113 a/b) 1 Steam boilsr, supplementary parts, spare parts and services
- Kansas Paper Mill a/b) 1 Steam boiler, spare parts and sorvices (主主)
- (111)Mantta Papar Mill Steam boilor spare parts and services

\$12.5 MILLION LOAN TO THE BARK OF FINAND

LIST OF GOODS

III. LI STOR GRIEDING FROMEOT

- 1. Paraiston Kalkeivouri Gy (Pargas Linestone Co.)
 - (1) Spare parts for pnamatic equipment
 - (11) Wagon drill
 - (111) Spere parts for excevators
 - (1v) 30 Jack Hanners
 - (v) Steel Plate (vi) 1 Balt Conve
 - (vi) 1 Bolt Conveyor with accessories
 - (vii) i Welding Machine
- 2. Lohian Kalkkitshdan Cy (Lohja Line Co.)
 - (1) Grushing Equipment
 - (a) 1 Gully Grusher with motors and spare parts
 - (b) 2 Type 2 Crushers with motors and spare parts
 - (d) Separator
 - (11) (a) Equipment for flotation department
- 3. Karl Forsetren Cy (Karl Forsetren 66.)
 - (1) 1 Ripl.-Flo Screen, mech. and motor
 - (11) 1 Rod Mill with Sereen Feeder
 - (111) 1 Fulverator with accessory equipment
 - (iv) 1 set Type "B" Crushing Rolls with accessory equipment
- 6. Macallanaona

Reserve for contingencies

0300.000

Total of all three projects

\$12,500,000

June 9, 1950

Authorized Representative of Suomen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

By: S W.A.B. Iliff LOAN DIRECTOR

			GI2.5 MILLION LOAN TO THE RAVE	OF FILLAND	
			BEFARDONIL LIST OF GOO	6.9-50	
			I. SINCTON POLSE PRO	VILOZ	
1.	Xis	zvert	Peneritehtant 0.7. (United Paper Mills, 1	.ta.)	
	b.,	Air-1 geor	blast circuit-brochers, and other suiteb- equipment for Walkishoski Water Power Pic		\$ 200,000
3+	<u>Xma</u>	dran 1	Volna Q. Y. (Instra Power Co. 1td.)		
	a.	50 og a var Postar Contu	S-phase alternator, 40000 kVA, 10,5 kV, pelos, 150 R.P.M. for direct coupling to rtical Kaplan turbing in Instra Mater r Flant. rect price : Payment as of Jan. 25, 1949 2 Man	\$ 630,802. 300,000 1/50,000	330,601
	2.	3000X equily and (Conta	3-phase synchronous condenser No. 1, 0 kVA, 10,5 kV, 50 cycles, 600 R.P.M. oped with a direct coupled empiter starting motor for Petäjäresi substation ract price Payment as of July 12, 1949 games	257,553 27,553 51,671	320,227
	d.	One (30000 with	9-phase synchronous condensor No. 2, 0 kVA, 10,5 kV, 50 cycles, 600 R.P.M. conitor and starting motor for dered substation	51,671	250,000
5.	Qau	X. Sty	Anborr A. D.		
	C.	Opean	a parts for Velox stam-boiler plant	8,000	
	a.	0eel)	Llograph and vibration recorder	20.000	18,000
6.	<u>Cen</u>	nanter	<u>i conatauctine reser slants</u>		
	ů.,	(1)	Spare parts for emerators	to non-stand	
		 (for Gulujeki C. X.) (ii) Spare parts for tractors, cranes and motors (for Gulujeki C. X.) (iv) Bearing pintons and chains 	121,808		
			Boaring pinions and obains	30,296	
		(7)	(for Fohjolan Voina Cy) Spare parts for expevator	2,194	
	*	1	(Tyrvilân Volma Cy)	12,000	
85			torpillar tractors	_16,060	222, 353
9*	-	collar			
	81.a	Inclu	ding reserve for escalation clauses		

Q

and contingencies

C

38,969

BIEARDANN LIST OF GOODS - cont.

I. ELECTRIC POMER PROJECT

WAR also all all all

20.	Gillingold Q. I. (Colla Mavor Co.)		
	a. Excevator with sparse		\$
22.	Various companies and enterprises		
	a. Lightning arrestors and insulators	\$ 115,000	
	b. Electrical instruments	20,000	
Ca	c. Set of new blades for stam-turbine rotor	-7.000	-

132,000

467,625

1,750,000

11	1	Participant Partic		
1				
	÷.,	\$12.5 MILLION LOAN TO THE BANK OF FINLAND		
		BREAKDOWN LIST OF COODS 6-9-50)	
		II. NOODWORKING INDUSTRIES PROJECT		
1.	Thtyne	et Paperitehtaat C. Y. (United Paper Mills, Ltd.)		
	(1)	Myllykoski Board Mill 1 Combination Fourdrinier and Cylinder Machine for making high-grade paper boards, with Mankee cylinder, auxiliary machines and electric drive.		\$ 1,600,000
0	(11)	Walkiakoski Sulphate Mill 1) 1 Soda recovery unit, complete with causticising equipment, control instruments, electric motors		
		and starters		\$ <u>2,200,000</u>
2.	Kymin	Osakevhtio (Kymi Co. Ltd.)		
	(1)	Kymmene Cellulose Hill a) 1/Dunbar chipper with motor b) Inconel screen plates c) Coal bricks for walling digesters and acid cisterns	18,508 35,000 18,700	\$ 72,208
	(11)	Kymmene Mechanical Fulp Mill		
		a) 1 /wateroug Grinder	82,000	
		b) Ginder motors d) 1 Transformer	21,215 26,300	
		g) 1/Zenith screw press	14,561	
C		i) Heat exchanger j) They-Lorain/Crane & its miscellaneous eqpt.	3,500	168,586
	(111)	Kymmene Paper Mill		
		a) 1 Beating, Unit	69,788	
		b) 10/Farrel/1 machine/callendar rolls c) 1/Drott Go-Devil/tractor crane; one automatic single	14,200	
		lift rider and 3 jack lift automatic lead trucks	26,281	
		d) Size press and suction press roll for P.M. 3 - e) 2/Beloit rubber covered suction presses with	30,000	
		audiliaries for P.M. 5 f) Rubber covered suction presses for P.M. 6	40,000	230.269
	(v)	Hoikka Cellulose Hill b) /Bauer refiner 100 H.P.		12,000
	(vi)	Hoikka Paper 1911		
		a/b) 6 Mash yacaam pumps with motors	93,168	
		c) 1 Stapling truck d) 1/Ross-Grewin wontilation system	4,511	
			19,140 47,528	
		f) 2 Lumpbreakers	13,160	
		g) 2 Flat Boxes	6.446	183,953

Page 2

(vii) <u>M</u> f) e)	<u>cikka Hydroelectric Pover Plant</u>) Boiler) Transformer	\$ 600,000 <u>60,000</u>	\$ 660,000
	cikka Fener Mill and Mechanical Fully Mill (b) Crane with grab and concrete mixer and mise. eqpt.) Bauer/refiner/ 300 H.P.	27,000	48,000
(11) <u>R</u> a) b) c) c) c) c) c) c) c) c) c) c) c) c) c)	Bauer classifier Suction press roll for P.M. 8 Suction couch roll for P.M. 9 Spare rubber covered suction press rolls for P.M. 8 and 9	20,000 1,012 20,000 20,000 20,000	<u>101,012</u> \$ 1,476,028

Enso-Gutzeit Ocakevhtio (Enso-Gutzeit Co., Ltd.)

(1) Kaukonaa Sulphate M11

- ~ iller a) 1 192" High Speed Kraftliner board machines Towns Beloit This consists of Fourdrinier section thit all rolls and suction boxes, press section with press and center rolls, pressure applying and pressure felt equipment, dryer section with dryors, condensate remover and dryer felt equipment. Two calendar stacks, reel, unwinding stand, winder, machine framing, sole plates, mechanical drive, gear units, oiling system, internal pipework and provision for escalation are also included. 714.560 200,000
- 1 Electric power drive
- 30200 2/Sutherland/Refiners 5 motors for Refiner
- Condensation and other associated apparatus
- 3 Fork lift trucks
- 1 /Combustion Engineering/soda boiler: Tan ulla This unit consists of smalter furnace, boiler superheater, boller fittings, soot blowers, economizer, air heater ingulation and brickwork, air and gas ducts, supporting steel work and buckstays, induced and forced draft fans, all dappers, oil burners and air compressors, evaporators, black liquor pumps and nozzles, smelt ponts, all regulators, meters, motors with starters, controls and coupling will be included.
- 700,900 i) /10 KV/indoor vertical lift metal-clad switchgear ascembly plus escalation 81,900 \$ 1,840,076
- Steam and condensation water lines 1) 30.000
- (11) Kotka Mill 1 3-ton travelling crane

61,000

14,666

24,000

13,050

		0		
E.	6 m.			Page 3
	(1v)	Parvisinan Venser Factory 2 4,000 lb. Fork lift trucks		\$ 13,280
	(v)	Lahti Speel Mill 1 1,000 1b. Fork lift truck		3,661
	(vi)	<u>Forests</u> 2 Caterpillar tractors		23,216 \$ 1,901,233
7.	G. A. (1)	Serlachius Osekavhtio (G. A. Serlachius Ltd.) <u>Tako Board Mill</u> a/b) 1 Steam boiler, supplementary parts, spare parts and services		\$ 179,073
C	(11)	Kancas Paper Mill a/b) 1 Steam boiler, spare parts and services		213,571
	(111)	Mantta Paper Mill Steam boiler spare parts and services		83,139
	(iv)	l complete Fourdrinder paper machine, auxiliary machinery and misc. items		1,339,186
	(7)	Equipment for Paper Machine No. 7		56,280
	(vi)	Equipment for power generation, power distribution, and connection to National power system		53,120
				\$ 1.924.369
0.	Ramo-	Rashe Osakevitio (Rama-Rashe Ltd.)		
	(1)	Sulphate Mill 15,000 kilos acid-resisting steel	\$ 28,500	
	(11)	Shipping b) 40,000 kilos/pipes	9,300	
	(111)	Sulphite soda recovery unit	576,000	\$ 613,800
9.	Tervel	coski Osekevhtio (Tervakoski Co. Ltd.)		and a special
	(i)	Pulp beating equipment: a) 1 Gordon Refiner for Rag pulp b) 1 Beater for rag pulp c) 1 Driving gear d) Engaving roll with bronze shell e) Fulp cleaners	\$ 10,000 15,000 3,000 7,000 15,000	- \$ 50,000

*

	••	
	(11) a) 3/Rysher Lift trucks b) 1/Wagnermobile Duoway/Secop 9,166	\$ 20,121
	(iv) 1 Suction roll	* <u>11.000</u> 81,121
10.	Hane Faveritehdas Geskovhtie (Hane Flywood Mill Ltd.) 1 Flywood glue press, 92" x 66" /	\$ 52,516
11.	Notice GesterNotice GesterNotice GesterNotice Gesterb) 2 trucks for handling of paper\$ 10,000d) 1 Lathe for big rolls19,300g) 1 Tractor with deser showel and deser blade6,700h) 1 suction press roll for paper machine V29,000i) Entra mantel for above10,000j) One suction press roll for paper machine IV25,000	100,000
12.	The Central Association of Finnish Woodworldne Industries b) Woodworking machinery, sundry equipment and contingencies	2,033,233
13.	Tamerfors Linno-och Jern Menufaktur Ab	9,700
14.	Finlands Motall&devevari Ab 2 Mireweaving locms	58,000
		0 10 100 000

10,190,000

Page 4

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

TREARDOWN LIST OF GOODS 6-9-JO

III. LIMESTONE GRINDING PROJECT

1. Paraisten Kalkkivouri Oy (Pargas Limestone Co.)

,			
	 i) Spare parts for pneumatic equipment iii) Wagon Drill iii) Spare parts for Excavators iv) 30 Jack Hanmers v) 30 Jack Hanmers v) Steel Plate vi) 1 Belt Conveyor Good Year with accessories vii) 1 Welding Machine 	\$ 13,948 2,520 23,720 8,100 6,200 25,570 1,112	\$ 81,170
	ohjan Kelkkitehdas Oy (Lohja Limo Co.)		
(i) Crushing Equipment a) 1 - 16" Me Cully Crusher with 100 hp. spare parts b) 2 - No. 436 Type R crusher with 75 hp. and spare parts d) Raymond separator 	\$ 20.833	63,920
(ii) a) Equipment for flotation department - \$312,000 - to be financed by IERD		\$ <u>125.000</u>
3. <u>K</u>	arl Forsatröm Óy. (Karl Forsström Co.)		
(i) One 3' x 8" Ripl Flo Screen Compl. No. 3 Mech. and motor	\$ 2,500	
(1	11) One 4' x 5' Rod Mill with Screen Feeder	8,105	
	 iii) One No. 3 Pulverator with accessory equipment iv) One set 24" x 14" Type "B" Crushing Rolls with accessory equipment 	3,864	\$ 19,551
6. M	iscellaneous		

Reserve for Continggncies

10,359

		Price	
G. A.	Serlachius Osakeyhtio (G. A. Serlachius Ltd.)	in \$	
(iv)	1 Complete Fourdrinier paper machine for Greaseproof paper. The width of the machine 180", production 40 tons per 24 h when substance 40-70 gr/m ²	\$1,070,920	
	Montage		
	Auxiliary machinery:		
	5 continuous beaters		
	2 Voith screens		
	l Voith rewinder		
	1 Hoist crane 20 tons		
	1 " " 8 "		
	l Special headbox		
	4 Morden Stockmakers with 2 spare fillings	26,600	
	4 Motors for Morden Stockmakers	6,900	
	1 Ratosleeve flow meter for slush pulp	2,265	Land
	l single cutter 60"	14,000	
	1 Wastepaper cutter	6,202	
	l Napkin Folder machine	11,135	
	l Wrapping machine for napkins l Sectional Drive	5,000	
	1 Suction couch Kangas PM III	63,095	
	1 Yates Moulder C 99	11,000	
	1 Cutting & Creasing press	15,400	
	10 tons stainless steel quality Remanit 1880 SSW	26,000	
	1 Yale KM 30-EM Electric Forklift truck complete with 2 fork	10,000 s 7,482	conce
	1 Truck	2,592	
	1 Toilet paper machine and wrapping machine	19,735	OBasch
	Consistensregulators	1,100	
	1 Swift duplex "Easy Drive" Cutofknife with electric	1,100	
	underworks and lower layboybelt	27,760	
	1 Calipering Calender	12,000	
		\$1,339,186	
(v)	Equipment for Paper Machine No. VII		
	1) 350 m steam pipe Ø 400 mm including 2 compensators	\$ 11,500	
	2) 4-valves and 1 - safety valve for same	7,000	
	3) Reconstruction of STAL turbine, Mantta	9,700	
	4) 1 - Green economiser for old boiler house, Mänttä	4,800	
	5) 2 - 5,000 kVA transformers	21,925	
	 350 m steam pipe Ø 400 mm including 2 compensators 4-valves and 1 - safety valve for same Reconstruction of STAL turbine, Mänttä 1 - Green economiser for old boiler house, Mänttä 2 - 5,000 kVA transformers Relays for 3 kV switchboard 25 - kWh-meters 	803	
	7) 25 - kWh-meters	552	

0

\$ 56,280

 G. A. Serlachius Osakeyhtio (G. A. Serlachius Ltd.) - cont. (vi) Equipment for power generation, power distribution, and connection to National power system 	Price in \$
 8) 1 - boiler feed pump turbine for Kangas 9) 1 - boiler feed pump turbine for Tako 11) 1 - 500 kVA transformer f. distr. Mänttä 12) 2 - 3,000 kVA transformers f. distr. Mänttä 13) 4 - 50 kV potential transformers 14) 38 - relays 15) 6 - registering kW-meters 16) 1,200 - suspension insulators with fittings 17) 30 - busbar insulators with clamps and pins, 50 kV 18) 500 V capacitors, 540 kVAr 19) 500 V capasitors, 540 kVAr 	\$ 3,274 3,274 1,710 23,600 4,405 1,526 2,685 3,489 297 4,430 cancelled

\$ 53,120

- 2 -

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8, D.C.

June 9, 1950

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

Gentlemen:

This is to assure you that the changes proposed in the attached letter dated June 9, 1950, amending the list of goods agreed to pursuant to the Loan Agreement dated August 1, 1949, between the International Bank for Reconstruction and Development and Suomen Pankki - Finlands Bank have the approval of the Republic of Finland.

For the Republic of Finland

K.T. Julila

Fin drill

Minister of Finland (Authorized Representative)

LEGATION OF FINLAND 2144 WYOMING AVENUE, N.W. WASHINGTON 8. D. C.

June 9, 1950

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

Gentlemen:

Referring to the Loan Agreement dated August 1, 1949, between the International Bank for Reconstruction and Development and Suomen Pankki - Finlands Bank, there is enclosed herewith a further revision of the List of Goods attached to our letter of August 1, 1949, to which we request your agreement in accordance with the provisions of Section 1 of Article III of the said Loan Agreement. As you will observe, certain of the companies and certain categories of goods mentioned in Schedule 2 to the Loan Agreement have been deleted.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and on the revised List of Goods, returning both to us.

Yours very truly

ulams

Authorized Representative of Sugmen Pankki-Finlands Bank

Confirmed:

International Bank for Reconstruction and Development

By

Loan Director

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

LIST OF GOODS

I. ELECTRIC POWER PROJECT

1. <u>Yhtyneet Paperitehtaat O.Y.</u> (United Paper Mills, Ltd.)

b. Air-blast circuit-breakers, and other switchgear equipment

- 3. Imatran Voima O.Y. (Imatra Power Co. Ltd.)
 - a. One 3-phase alternator
 - b. One 3-phase synchronous condenser with exciter and starting motor (No. 1)
 - d. One 3-phase synchronous condenser with exciter and starting motor (No. 2)

5. O. Y. Strömberg A.B.

- c. Spare parts for Velox steam-boiler plant
- d. Oscillograph and vibration recorder

8. Companies constructing power plants

- a. (i) Spare parts for excavators
 - (ii) Spare parts for tractors, cranes and motors
 - (iv) Bearing pinions and chains
 - (v) Spare parts for excavator
- b. 4 caterpillar tractors
- 9. Miscellaneous
 - a. Including reserve for escalation clauses and contingencies
- 10. Oulujoki O.Y. (Oulu River Co.)
 - a. Excavator with spares
- 11. Various companies and enterprises
 - a. Lightning arresters and insulators
 - b. Electrical instruments
 - c. Set of new blades for steam-turbine rotor

1,750,000

June 9, 1950

-2-

- (vii) Woikka Hydroelectric Power Plant
 - Boiler
 - Transformer g)
- (viii) Woikka Paper Mill and Mechanical Pulp Mill
 - a/b) Crane with grab and concrete mixer and misc. eqpt.
 - Refiner c)
- (ix) Kuusankoski Paper Mill
 - 1 Suction press with pump a)
 - ъ) Classifier
 - Suction press roll for PM8 c)
 - d) Suction couch roll for PM9
 - Spare rubber covered suction press rolls for PM8 and 9 e
 - f) Ventilation hoods for PM8 and 9
- 4. Enso-Gutzeit Osakeyhtio (Enso-Gutzeit Co. Ltd.)
- (1) Kaukopaa Sulphate Mill
 - 1 board machine including Fourdrinier section and all ancillary eqpt.
 - 1 Electric power drive c)
 - d) 2 Refiners
 - 5 motors for refiner
 - e) f) Condensation and other associated apparatus
 - 3 Fork lift trucks
 - (f) h) 1 soda boiler and ancillary eqpt.
 - Indoor vertical lift metal-clad switchgear assembly plus escalation 1)
 - Steam and condensation water lines i)
- (ii) Kotka Mill 1 travelling crane
- (iv) Parvainen Veneer Factory 2 Fork lift trucks
- **(v)** Lahti Spool Mill 1 Fork lift truck
- (vi) Forests 2 caterpillar tractors
- G. A. Serlachius Osakeyhtio (G. A. Serlachius Ltd.) 7.
- (1)Tako Board Mill 1 Steam boiler, supplementary parts, spare parts and services a/b
- (11) Kangas Paper Mill a/b) 1 Steam boiler, spare parts and services
- (iii) Mantta Paper Mill Steam boiler spare parts and services

- (iv) 1 complete Fourdrinier paper machine, auxiliary machinery and misc. items
- (v) Equipment for Paper Machine No. 7
- (vi) Equipment for power generation, power distribution, and connection to National power system

-3-

- 8. Rauma-Raahe Osakeyhtio (Rauma-Raahe Ltd.)
 - (i) <u>Sulphate Mill</u> Acid-resisting steel
 - (ii) Shipping b) pipes
 - (iii) Sulphite soda recovery unit
- 9. Tervakoski Osakeyhtio (Tervakoski Co. Ltd.)
 - (i) Pulp beating equipment
 - a) 1 Refiner for Rag pulp
 - b) 1 Beater for Rag pulp
 - c) 1 Driving gear
 - d) Engraving roll with bronze shell
 - e) Pulp cleaners
 - (ii) a) 2 lift trucks b) 1 scoop
 - (iv) 1 Suction roll
- 10. <u>Hame Faneritehdas Osakeyhtio</u> (Hame Plywood Mill Ltd.) 1 Plywood glue press
- 11. Nokia Osakeyhtio (Nokia Co. Ltd.)
 - b) 2 trucks
 - d) 1 lathe
 - g) 1 tractor with dozer shovel and dozer blade
 - h) 1 suction press roll for paper machine V
 - i) Extra mantel for above
 - j) One suction press roll for paper Machine IV
 - <u>The Central Association of Finnish Woodworking Industries</u>
 <u>b)</u> Woodworking machinery, sundry equipment and contingencies
 - 13. Tammerfors Linne-och Jern Manufaktur Ab 1 Screen
 - 14. Finlands Metallduksvaveri Ab 2 Wireweaving looms

\$10,450,000

June 9, 1950

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

LIST OF GOODS

III. LIMESTONE GRINDING PROJECT

1. <u>Paraisten Kalkkivouri Ov</u> (Pargas Limestone Co.)

- (i) Spare parts for pneumatic equipment
- (ii) Wagon drill
- (iii) Spare parts for excavators
- (iv) 30 Jack Hammers
- (v) Steel Plate
- (vi) 1 Belt Conveyor with accessories
- (vii) 1 Welding Machine
- 2. Lohjan Kalkkitehdas Oy (Lohja Lime Co.)
 - Crushing Equipment
 - (a) 1 Cully Crusher with motors and spare parts
 - (b) 2 Type R Crushers with motors and spare parts
 - (d) Separator
 - (ii) (a) Equipment for flotation department

3. Karl Forsström Oy (Karl Forsström Co.)

- (i) 1 Ripl.-Flo Screen, mech. and motor
- (ii) 1 Rod Mill with Screen Feeder
- (iii) 1 Pulverator with accessory equipment
- (iv) 1 set Type "B" Crushing Rolls with accessory equipment
- 6. <u>Miscellaneous</u>

(i)

Reserve for contingencies

\$300,000 \$12,500,000

Total of all three projects

June 9, 1950

reas Have

Authorized Representative of Suomen Pankki-Finlands Bank

Confirmed:

RV :

International Bank for Reconstraction and Development

Loan Director

\$12.5 MILLION LOAN TO THE BANK OF FINLAND

LIST OF GOODS

II. WOODWORKING INDUSTRIES PROJECT

- 1. <u>Yhtyneet Paperitehtaat O.Y.</u> (United Paper Mills, Ltd.)
 - (i) <u>Myllykoski Board Mill</u> l Combination Fourdrinier and Cylinder Machine with Yankee cylinder, auxiliary machines and electric drive
 - (11) Walkiakoski Sulphate Mill

1) 1 Soda recovery unit, complete with causticizing equipment, control instruments, electric motors and starters

- 2. Kymin Osakeyhtio (Kymi Co. Ltd.)
 - (i) Kymmene Cellulose Mill
 - a) 1 chipper with motor
 - b) Screen plates
 - c) Coal bricks
 - (ii) Kymmene Mechanical Pulp Mill
 - a) 1 Grinder
 - b) Grinder motors
 - d) 1 Transformer
 - g) 1 screw press
 - i) Heat exchanger
 - j) Crane and miscellaneous eqpt.
 - (iii) Kymmene Paper Mill
 - a) 1 Heatin, Unit
 - b) 10 callendar rolls
 - c) 1 tractor crane; one automatic single lift rider and 3 jack lift automatic lead trucks
 - d) Size press and suction press roll for P.M.3
 - e) 2 rubber covered suction presses with auxiliaries for P.M.5
 - f) Rubber covered suction presses for P.M.6
 - (v) <u>Woikka Cellulose Mill</u> b) Refiner

(vi) Woikka Paper Mill

- a/b) 6 vacuum pumps with motors
- c) 1 truck
- d) 1 ventilation system
- e) 2 Double compartment suction boxes
- f) 2 Lumpbreakers
- g) 2 Flat Boxes

LEGATION OF FINLAND 2144 WYOMING AVENUE WASHINGTON 8, D. C.

June 9, 1950

International Bank for R construction nd Development 1818 H Street, porthwe t Wahington 25, D. C.

Gentl. men:

rrin c the Lo. 1, 1949, between the International Ban for Reconstruction and Evelopment and Suman P – inlands B -, there i enclosed harewith a further revi ic of the L st o Goods att ch d to our letter of regust 1, 1949, to which we request your greement in coordance with the provision of Section 1 of the said Loan area ant you will observe, certain of the companies of certain cat, orig of , on mentione in Sch ule 2 to the Loan area and have been deleted.

Pleige configure agreement with the foreing by signing the form of con ism tion on the enclosed copy of this letter and on the revied Ligt of points with i both to us.

Your

2 Hours

Confirmed:

Int mational B k for Reconstruction and D velopment

By W.A.B. Iliff

toan Director

Fi/Wood

Toled til Ple

INTERNATIONAL BANK FOR

RECONSTRUCTION AND DEVELOPMENT

67 Rue de Lille PARIS (7e)

AIR MAIL

June 8, 1950

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Letter No. P/EU-FI/23

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

Dear Mr. Aldewereld,

Woodworking Industries Project With reference to my letter No. P/EU-FI/21 of May 30, 1950, I now enclose herein two reports received for the Kymmene Pulp and Cellulose Mills.

As these reports do not contain the sort of information required to determine what construction progress is being made, I have written to Mr. Tauriala. A copy of my letter is enclosed herein.

Sincerely yours,

de tchiha

Kuand

A. de Tchihatchef

Enclosures .-

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Jee.

67 Rue de Lille PARIS (7e)

AIR MAIL

June 7, 1950

Your Reference:-V/JG/HV/K.544

Mr. T. Tauriala Suomen Pankki HELSINKI, Finland

Dear Mr. Tauriala,

I thank you for your letter of June 3, 1950, enclosing reports made on the Kymmene Cellulose and Pulp Mills.

While the information in these reports will be useful, what we would wish to know is the progress being made in rebuilding these two mills, whether the work is proceeding according to the plans and is likely to be concluded on schedule.

I should be grateful if wou would ask Kymin Osakeyhtiö-Kymmene Aktiebolag to supply the further information; perhaps you would wish to suggest to them the preparation of a report for each mill using the following headings as a general guide:-

- (a) Construction of buildings and emplacements for machinery, stating
 - (i) The date when work began and time estimated for completion;
 - (ii) Actual status of the work today;
 - (iii) When it is now expected that constructions should be finished.
- (b) Data on the receipt and erection of machinery, stating
 - (i) What major pieces of machinery have been received;
 - (ii) The progress made in the erection of these machines;
 - (iii) What major pieces of equipment are still awaited, from where and when are they expected.

- (c) Completion prospects, stating
 - (i) What machinery (or section of plant) is already working;
 - (ii) When machinery now being erected is expected to begin working;
 - (iii) When is the whole project due to be complete and operating.

In putting the above headings to you it is not my intention to seek extremely detailed reports; the sole object is to provide a simple guide with the use of which a report on general lines may be drawn up which will give an overall sight of how the rebuilding work is progressing.

I hope to hear from you in the near future on this subject and thank you meanwhile for your customary kind cooperation.

Very truly yours,

A. de Tchihat chef

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AFG/MBL.

- 2 -

- (c) Completion prospects, stating
- (1) What muchinery (or section of plant) is sheady working;
- (11) When machinery now being erected is expected to begin. working:

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(111) When is the whole project due to be complete and operating.

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Very bruly yours,

M. de Tchihab chei

JUN 12 9 36 AM 1950

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT WASHINGTON 25. D. G. 67 Rue de Lille

PARIS (7e)

AIR MAIL

June 8, 1950

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Letter No. P/EU-FI/ 22

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

Dear Mr. Aldewereld,

Electric Power Project

I herewith enclose the duplicate of the Monthly Report, Schedule of Purchases and Deliveries for the month of May 1950.

Likewise attached is a copy of my letter of today's date to Mr. Tauriala of the Bank of Finland in this connection.

Cluck P/EU/F1/26

Sincerely yours,

A. de Tchihatchef

Enclosures.-

MBL.



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67 Rue de Lille PARIS (7e)

AIR MAIL

June 8, 1950

Your Reference :-V/JG/K.556/SI

Mr. T. Tauriala Suomen Pankki HELSINKI Finland

Dear Mr. Tauriala,

I acknowledge receipt of your letter dated June 6, 1950,

Manual of Purchases and Deliveries It is noted that the volume of deliveries of goods finan-under the Loan is increasing and that in several instances the consignments for which it is stated that the equipment has bee "Put Into Operation" are the subject of Disbursement Vouchers already sent to you by our Headquarters in Washington. Example of this may be quoted as follows:-(i) From It is noted that the volume of deliveries of goods financed under the Loan is increasing and that in several instances the consignments for which it is stated that the equipment has been already sent to you by our Headquarters in Washington. Examples

- (i) From the April Schedule: Item 30, 2 engines for tractors, from Caterpillar Tractor Company, Peoria, value \$12,850, delivery completed and put into operation on March 28, 1950-corresponding I.B.R.D. voucher G9-1-2A (Summary No.4, Category 1, dated March 20, 1950) value \$12,661.
- (ii) From the March Schedule :- Item 6, 3 tractors with equipment from Caterpillar Tractor Company, Peoria, estimated price \$50,950, delivered on March 21, 1950, and put into operation on March 28, 1950 -- corresponding I.B.R.D. voucher G6-1-2A (Summary No.4, Category 1, dated March 20, 1950) value \$46,060.

In these cases, and in similar ones where the same conditions exist for the Woodworking Industries and Limestone Grinding Projects, we should appreciate your asking the Association concerned whether it is now in a position to submit the reports and covering summaries as described in Washington letter No. EU/95 to Governor Sakari Severi Tuomioja dated August 24, 1949 (Page 1, last two paragraphs and page 2, first paragraph). It would be of the greatest assistance if these reports were made and submitted to us monthly as soon as possible after the arrival and entry into use of the goods, thus avoiding the creation of any considerable backlog in the reporting.

/2

I would also take this opportunity to enquire when we may expect to begin receiving the Monthly Statements on possible delays which may be encountered in completing the various projects. This particular type of report was referred to in Paragraph 3 on Page 2 of the Washington letter already mentioned, regarding the Central Association of Woodworking Industries, but as you know, the requirement also applies to the other programmes concerned, the Electrical and Limestone Grinding.

I thank you in anticipation of your usual courteous attention to the foregoing and I hope to have your early reply,

Very truly yours,

A. de Tchihatchef

AFG/MBL.

FORM NO. 57 (5-48) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OFFICE MEMORANDUM TO: Mr. S. Aldewereld FROM: Hugh B. Ripman SUBJECT: Finland - Woodworking Industries Projects.

> Attached to his letter No. P/EU-FI/21 of May 30, 1950, Mr. de Tchihatchef sent us the first report on one of the projects financed under the loan to the Bank of Finland. This report concerns the building and installation of the new kraft board mill of the Enso-Gutzeit Oy, Kaukopää Mills and is as follows:

> The preliminary work consisting of earth filling and pile driving for the building started in October. Actual building construction started in May 1949 and is now in May, 1950, nearly completed. The erection of the paper machine manufactured by Beloit Iron Works, Wisconsin, was started on February 9, 1950 and is proceeding very well. The shipment of this machine has been made according to schedule without any delays and will be completed during the course of June 1950. The financing of this machine, as well as the equipment manufactured by Westinghouse Electric Corporation, has partially been covered by the Bank's loans. (The Bank is financing \$714,560 of the kraft board mill and \$200,000 of the Westinghouse Electric equipment. The Bank is also financing other equipment for the Kaukopää mills to the extent of \$925,516 for a grand total of \$1,840,076.)

Some parts of the Westinghouse equipment have already been received and the rest is expected to be received in the course of June 1950. The mill is expected to start operations in September 1950.

It is suggested that this information be passed on to Mr. Woolley for possible inclusion in the White Bulletin.

c.e. Mr. R. Fuller BPSpiro:ea

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FORM No. 57 (5-48)

OFFICE MEMORANDUM

TO: Mr. H. W. Robinson

DATE: June 7, 1950

Ime 7. 1950.

FROM:

SUBJECT:

M. M. Rosen

Loan Administration Report on Finland

I read over quickly the draft of the Loan Administration Report which you sent me with your note of June 6. Except for a few minor points which I have marked on this draft, at first glance it seems like an excellent piece of work and appears to be ready for submission to the Board. In view, however, of the fact that it is intended to send the document directly to the Board and not first to the Staff Loan Committee, I think Mr. Rist should have an opportunity to see whether he wants to read it before it goes out in final form. Unfortunately he is out of town today but I will take it up with him as soon as he returns.

Mr. Rosen The Report will be comedated to member of the SLC for approval before the submission to the Board. Consequently, Mr. Rist will see it lefte it goes out in final form. In any case the Bank has also to hear the venie of the Finnis and there will be anyle time. Hurk

June 6, 1950

Finland Loan

Tervakoski Oy. Helsinki Finland

Gentlemen:

Thank you for your letter of May 24, 1950, received direct, concerning your order of a "Giant" Rag and Fibre Cutter coating \$7,300 from Heasrs. Taylor, Stiles & Co., of Riegelsville, N.J., U.S.A.

As you are aware, the \$12.5 million loan of August 1, 1949 was made to the Bank of Finland, and we have followed the practice of working closely with them in all matters relating to the loan. We, therefore, think it is better if all correspondence between your company and ourselves were to pass through them.

In view of this I have taken the liberty of sending a copy of your letter of May 24, 1950, to Mr. Hallama, who is the representative of the Bank of Finland in Mashington and as soon as a decision has been reached regarding the inclusion of the cutter, you will be advised through the Bank of Finland.

I also take this opportunity of acknowledging your letter of May 22, 1950, forwarded to us through the Central Association of Woodworking Industries and the Bank of Finland, from which I note the items you wish to purchase under the loan.

Yours very truly,

e

S. R. Cope Loan Officer

NJP/pmk This letter cleared with Legal And Treasurer's Depts. c.c. Mr. Brion Miss Morsey (Forwarded to the Bank of Finland through Dr. Robinson Mr. Hallama, Secretary, Legation of Finland) Mr. Folk



June 6, 1950

Finland Loan

Mr. M. M. Rosen Herbert W. Robinson Loan of \$12.5 million to Bank of Finland

I attach a copy of the first Loan Administration Report. This is the only copy in existence and represents the final result of the work of the Working Party.

Mr. Iliff has examined the document and considers that, with slight editing, it can now be submitted to the Board. Accordingly, Mr. Cope will proceed to make minor revisions.

Would you kindly consider whether the Department wishes to make any changes of substance before Mr. Cope proceeds with his task?

HWR: js:#2056 Attachment

June 5, 1950

Finland hoan

Dear Mr. Hallama:

I am enclosing two copies of a letter addressed to the Bank of Finland. It would be very much appreciated if you would kindly forward the original of this letter to Helsinki.

Yours very truly,

S. R. Cope Loan Officer

Mr. J. Hallama Secretary, Legation of Finland 2144 Wyoming Avenue, NW Washington, DC

Enclosures



57

June 5, 1950

Suomen Pankki-Finlands Bank Helsinki Finland

Gentleren:

I refer to your letter of May 13, 1950, (Ref. No. V.JG/PO K.473) and enclosures requesting that \$120,000 be allocated to cover part of the cost of a hydraulic dredge for Oulu Qy., under Section II (Woodworking Industries Project) of the list of goods for the \$12.5 million to yourselves.

You will recall that the woodworking industries project was originally submitted to the Bank as a program for the renewal and modernization of plant and equipment and for the extension of production capacity for various wood products, and the project was so described in Schedule 2 to the Loan Agreement dated August 1, 1949. The Bank recognizes the general character of the project and is anxious to concede as such flexibility as possible within the scope of the project as originally defined. However, a dredge must be regarded as somewhat outside the general type of equipment hitherto included in the woodworking industries project and I feel that the Bank could not include it without requiring such more detailed justification.

In these circusstances I think that it would be preferable to substitute other items which are more directly related to the project as defined in the Loan Agreement.

Yours very truly.

S. R. Cope Loan Officer

SRC/NJP/pmk (This letter cleared with Legal Dept.) c.c. Mr. Nurick Mr. Brion Dr. Robinson

June 5, 1950

Fuiland Loan

Suomen Fankki-Finlands Bank Helsinki Finland

Gentlemen:

I refer to your latter of March 6, 1950 (reference V.JQ/PO. K.226) and to subsequent discussions concerning the treatment of unused balances of letters of credit issued in connection with the loan to yourselves.

It was realised from the outset that the amounts actually diabursed under the loan would frequently differ both from the cost estimates shown in the breakdown list of goods and also from the amounts for which letters of credit were opened. Since, however, it is inconvenient both to you and to us to have to make frequent transfers to and from the "Miscellaneous" items in the three projects, at this time we would prefer not to transfer any remaining unused balances to the "Miscellaneous" items. However, this could be done at a later date, somewhat nearer the Glosing Date, when all differences of this sort can be dealt with, either by your submitting eligible items to absorb the balance, or, if you so wished, by cancelling the unused portion of the loan.

I need hardly add, however, that if for the purpose of apportioning interest or commitment charges among the companies participating in the loan, or for any other reason, you found it convenient to make such transfers in your books at this time, the Bank would have no objection.

Yours very truly,

S. R. Cope Loan Officer

NJP/pmk This letter cleared with Legal and Treasurer's Depts. c.c. Mr. Brion Miss Morsey Dr. Robinson Mr. Folk (Forwarded to the Bank of Wr. Hellems Secretary I

(Forwarded to the Bank of Finland through Mr. Hallama, Secretary, Legation of Finland)



Hel: June 3, 1950. C PK/PÖ K.549.

International Bank for Reconstruction and Development,

Washington 25, D.C.

Gentlemen:

Enclosed please find:-

Monthly, Report on Payments, Clearing and Similar A reements for way 1950.

> Yours very truly, Suomen Pankki-Finlands Bank

I Taucela

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HaustO., June 3, 1950.

Taternakional, Bank for deconstruction and Development,

reshington 35. D.O.

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Enclosed please find:

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Monthly, Report on Paymerta, Closuing and Similar Agreements For Law 1050.

Yours vere truly, nomen Pankki-Finlanda Bank

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