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Washington, D.C.

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The World Bank
1818 H Street NW
Washington DC 20433

AUSTRIA - Loan (3148AUA) Administration-

The World Bank Group Archives

1516748

A1995-199 Other #: 10 Box # 193707B

Electric Power Project - Austria - Loan 0148 - P037351 - Administration - Volume 1

GLOBE-WERNICKE

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WBG Archives

THIS FILE IS CLOSED AS OF

DECEMBER 1968.

FOR FURTHER CORRESPONDENCE SEE:

1969 - 1971.

RECORDS MANAGEMENT SECTION
February 1969

Au 213
cc 148

FORM No. 57 INTERNATIONAL DEVELOPMENT ASSOCIATION | INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT | INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: FILES

DATE: April 3, 1967

FROM: N. De Sirkar

SUBJECT: Loan No. 102AUA, 148AUA and 213AUA
Austria - Verbundgesellschaft
Operational Statistics and Financial Results

1. The Bank made the following four loans to the Verbundgesellschaft, all of which have been fully disbursed:

Loan 102-AUA (Reisseck-Kreuzeck) July 19, 1956	$12 million
Loan 148-AUA (St. Andae-Voitsberg) Sept. 21, 1956	$10 million
Loan 149-AUA (Ybbs-Persenbeug) Sept. 21, 1956	$21 million
Loan 213-AUA (Aschach) Dec. 2, 1958	$25 million

2. The applicable rate covenant, in Section 5.08 of Loan 213 AUA provides that the VG shall adjust power rates to such levels as will provide to the VG and the affiliated companies gross revenues sufficient at least to cover (a) operating cost incurred within the limits of prudent business management including proper provision for maintenance and for depreciation (or repayment of instalments of principal of debt when due, which ever is greater) (b) interest upon debt; and (c) a reasonable return on the equity. Similar terms were confirmed in Section 3.06 of the Guarantee Agreement.

3. During the negotiation of the loan in Washington it was agreed that a reasonable rate of return on the equity taking one year with another is not less than the average cost of borrowed funds the VG and its affiliated companies.

filed in 102 AUA

4. The earnings of VG were a cause of disappointment and the Bank expressed its concern in a letter of March 6, 1963 after the return of a project supervision mission. No reply seems to have been received, but the reports show that there was an increase in average revenue from 23.8g/KWH in 1961 to 25.0g/KWH in 1963 (the report for 1962 is not in the files). There were further increases to 26.1g and 26.8g in 1964 and 1965 respectively and a drop in the first half of the year 1966 to 24.9g. The reasons for these variations are not clear from the records.

5. The significant figures from the operational statistics and the financial statements for the three years 1963 through 1965 and the first half of 1966 are shown below.

		1963	1964	1965	1966 half year
Sale of energy KWH million		7,313.7	8,245.5	8,355.8	4,425.2
Average price in groschen/KWH		25.0	26.1	26.8	24.9
Net assets in operation	(million S)	13,120.6	13,166.3	15,708.5	15,953.7
Long-term debt	(million S)	12,396.2	12,409.2	12,505.3	12,284.5
Equity	(million S)	6,240.3	6,645.1	7,006.4	7,089.4
Income from operation	(million S)	474.8	691.6	855.6	439.4
Interest (excluding interest on construction)	(million S)	464.7	602.2	579.3	287.7
Net income		10.1	89.4	276.3	151.7

/cont'd

Average interest rate on debt %	3.7	4.8	4.6	4.7
Return on equity %	0.16	1.4	3.9	4.3
Income from operation as per cent of fixed assets in operation %	3.6	5.3	5.4	5.5
Debt/Equity ratio	67/33	65/35	64/36	63/37

6. The VG has thus not yet been able to fulfill the terms of the covenant although improvement during the period is significant. The return on equity in 1966 may be almost equal to the average interest rate. The return on fixed assets improved from 3.6% in 1963 to 5.4% in 1965 and might reach 5.5% in 1966.

7. The VG has a complicated tariff structure and bulk supply agreements with distributors who have their own generation. Any adjustment in tariff is a very delicate operation the result of which is difficult to predict. The circumstances are such that increase in tariff may not effect any increase in total revenue.

8. Even though the actual results are not satisfactory the trend of development appears healthy. The matter may perhaps be reviewed again in a few months when the reports for the year 1966 become available.

NDe Sirkar/jem:

cc: Mr. Lithgow
Mr. Hartwich, Europe and Middle East
Division Files

fn 148

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: June 19, 1961

" "

TO: Osterreichische Elektrizitatswirtschafts A.G., Am Hof 6, Vienna, Austria.

FROM: J. H. Collier

FILED UNDER: Austria - Loan 102

SUMMARY: Acknowledging letter of May 19, 1961 and noting changes made in authorization of persons entitled to sign documents and take action on your behalf under Loan Agreements Nos. 102, 148, 149 and 213AUA.

Authorization Signature

n148

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memorandum

DATED: June 9, 1961

TO: Mr. M. Verheyen

FROM: Douglas J. Fontein

FILED UNDER: Austria - Loan 102

SUMMARY: Austria - Loans 102, 148, 149 and 213 - Authorization to sign documents.

Österreichische
Elektrizitätswirtschafts-Aktiengesellschaft
Verbundgesellschaft

Wien, 19. Mai 1961
I., Am Hof 6A, Postfach 67

An

International Bank for
Reconstruction and Development

W a s h i n g t o n 6, D.C.

Ihre Zeichen	Ihre Nachricht vom	Unser Zeichen
		FA/Sk/Sj

Betr.: Nachweis der Bevollmächtigung

Mit unserem Schreiben vom 16.12.1954 haben wir Ihnen durch Übersendung der notariell beglaubigten Musterunterschriften den Nachweis der bevollmächtigten Personen unserer Gesellschaft erbracht, rechtsverbindlich im Sinne der Kreditvorschriften Nr. 4 vom 15.10.1952, Abschnitt VIII, § 8.02 zu zeichnen.

Durch das Ausscheiden der Herren Generaldirektor Dr.Rudolf STAHL und Direktor Dr.Karl KÖLLIKER aus dem Vorstand, sind diese beiden Herren nicht mehr zeichnungsberechtigt. Dagegen wurde in den Vorstand Herr Direktor Dipl.Ing. Otto SYKORA neu kooptiert, auf den die Zeichnungsberechtigung ausgedehnt wird. Es sind daher zur Zeit folgende Vorstandsmitglieder zeichnungsberechtigt :

Generaldirektor Dipl.Ing.Franz HINTERMAYER
Generaldirektor-Stellv.Prof.Dr.Oskar VAS
Direktor Dipl.Ing.Otto SYKORA.

Weiters wird noch Herrn

Prokurist Friedrich HERMANN

die Zeichnungsberechtigung erteilt.

Von den vorstehend genannten Herren sind jeweils zwei gemeinsam zeichnungsberechtigt.

Die Unterschriftsproben für die schon bisher zeichnungsberechtigt gewesenen Herren Generaldirektor Dipl.Ing. Franz HINTERMAYER und Generaldirektor-Stellvertreter Prof.Dr. VAS sind Ihnen seinerzeit notariell beglaubigt überreicht worden, für die neu zeichnungsberechtigten Herren

Direktor Dipl.Ing.Otto SYKORA und
Prokurist Friedrich HERMANN

-/-

ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS-AKTIENGESLLSCHAFT TAG 19. Mai 1961

2. BLATT An International Bank for Reconstruction and Development, Washington BETRIFFT: Nachweis der Bevollmächtigung

beehren wir uns, Ihnen in der Beilage die notariell beglaubtigten Musterunterschriften zu überreichen.

Mit der höflichen Bitte um Kenntnisnahme empfehlen wir uns Ihnen

mit vorzüglicher Hochachtung

Österreichische
Elektrizitätswirtschafts-
Aktiengesellschaft

Beilage

Österreichische
Elektrizitätswirtschafts-Aktiengesellschaft
Verbundgesellschaft

Wien, 19. Mai 1961
I., Am Hof 6A, Postfach 67

An

International Bank for
Reconstruction and Development

W a s h i n g t o n 6, D.C.

Ihre Zeichen	Ihre Nachricht vom	Unser Zeichen

Unterschriftproben

für Weltbankkredit gemäss Kreditvorschriften Nr.4
Abschnitt VIII § 8.02

Direktor Dipl.Ing.Otto Sykora:

Prokurist Friedrich Hermann:

Von den vorstehend Genannten zeichnen rechtsgültig je zwei Herren gemeinsam.

Beurk.Reg.Zahl : 654/1961

Die Echtheit der vorstehenden Unterschrift des Herrn Direktor Dipl.Ing. Otto S y k o r a , Vorstandsmitglied und - - - - - - - - - - - des Herrn Friedrich H e r m a n n , Prokurist der ÖSTERREICHISCHE ELEKTRIZITÄTSWIRTSCHAFTS - AKTIENGESELLSCHAFT mit dem Sitze in Wien I., Am Hof 6 a, wird hiermit bestätigt. - - - - - -
Wien, am einunddreissigsten Mai Eintausendneun= hunderteinundsechzig. -

Dr. Alfred Jungmair
öff. Notar

Dr. ALFRED JUNGMAIR ÖFFENTLICHER NOTAR Wien - Innere Stadt

als mit Beschluß des Prasidenten des Landesgerichtes f. ZRS in Wien vom 18.5.1961 Pers 4 L 3.43 bestellter Substitut des öffentlichen Notars
Dr. Egon Lehner-Bolzani

Einlage zum Briefe an:

International Bank for
Reconstruction and Development
W a s h i n g t o n 6.

Betrifft: Nachweis d.Bevollmächtigung

Wien, 19.5.61

Österreichische
Elektrizitätswirtschafts-Aktiengesellschaft
(Verbundgesellschaft)

Austria -

June 8, 1961

Dr. Peter Wolf
Kärntnerring 10
Wien I, Austria

Dear Dr. Wolf:

in legal files

Thank you very much for your letter of May 25 enclosing a copy of the changes in the mortgaged properties of the Donaukraftwerke and for your statement that no action needs to be taken at this time.

I look forward to seeing you in September.

Very truly yours,

Douglas J. Fontein

DJFontein:ea

Austria Ln 148

February 9, 1960

Osterreichische Draukraftwerke
Aktiengesellschaft
Klagenfurt, Austria

Gentlemen:

Loans Nos. 102- & 148-AUA

We acknowledge with thanks receipt of your letter ref. KH.La/Ub dated December 28, 1959, with which you enclosed the financial and engineering reports on the Reisseck-Kreuzeck project, and the financial reports on the Voitsberg and St.Andrae projects for the period ended September 30, 1959.

Furthermore, we have taken due notice that your last progress reports on the above loans will cover the period up to December 31, 1959, and we agree that after the projects have been put in full operation such reports are no longer required. We would, however, appreciate if you could give us the final cost figures, both foreign exchange and local currency, broken down according to the list of goods. It will be our understanding that the figures submitted are of preliminary nature and might be subject to later revision.

After completion of the construction period the Bank still wishes to keep its information as nearly current as possible on the operating experience of the borrowers during the life of the loan. We would, therefore, like to ask you to submit semi-annually the following information:

1. Maximum Effective Capacity in KW.
2. Peak Demand in KW.
3. Energy generated in KWH.
4. Sales in KWH.
5. Gross Operating Revenue.

These data are expected in addition to your annual reports (balance sheets and income statements) and should be submitted as soon as available.

We thank you in advance for supplying us with this information.

Very truly yours,

Hans C. Hittmair
Public Utilities Division
Department of Technical Operations

HCHittmair/mlc

Austria -

Mr. S. Aldewereld

June 11, 1959

P. J. Squire

Austrian Loans - Visit to Power Projects
in Eastern Austria - May, 1959

The purpose of the visit was to inspect progress on the five Bank financed projects in eastern Austria - The Ybbs Persenberg and Aschach run-of-river stations on the Danube in the area of the Donaukraftwerke, the Reissock-Kreuzeck high head hydro scheme and the St. Andra and Voitsberg thermal plants in the area of the Draukraftwerke.

The visit included one day in Vienna, the morning of which was spent in discussion with Dr. Stahl and members of the Verbundgesellschaft staff. In the afternoon a meeting had been arranged with Dr. Teufenstein (at his request). This was in the nature of a courtesy call, but Dr. Teufenstein did express doubt about the continuance in office of the present government officials (including himself) in view of the small majority in the recent elections.

The remainder of the visit comprised a tour by car, covering not only the Bank financed projects (with the exception of Voitsberg) but also the Jochenstein plant in operation on the Danube near the German border, the Scharding plant under construction on the river Inn, the Schwarzach hydro project to the east of Zell-Am-See and the Dabaklam hydro project at Dorfertal Huben.

Ybbs-Persenberg

Five of the six 32 MW units were in operation and the sixth unit was being tested out prior to running up. This is a fine project and its cost of about $500 per kilowatt is not unreasonable bearing in mind that it includes navigation locks, a roadway across the dam, and about 30 kilometers of concrete roads.

Aschach

The civil bids had just been received. Work started on site in January with a temporary contractor who had started a steel coffer dam on the right bank to enclose part of the area of one of the two navigation locks. A diesel house was nearing completion and the camp was under construction.

Work was proceeding on the extension of the railway to the site on the right bank and a two kilometer spur was under construction to the gravel and sand pits further down the river. On the left bank aggregate will be obtained from the nearer of two quarries (about one kilometer from the site) owned by the navigation authority and the crushing plant framework had been erected.

Yellow in Austria -
Ln 213

Reisseck-Kreuzeck

This most interesting scheme was in full operation and all that remained to be done was the removal of temporary buildings and equipment and general cleaning up at the main dam sites.

St. Andra

The new 110 MW set had been commissioned and had run for one day when a steampipe split due, it is thought, to defective material. The unit was still shut down but as there is plenty of water at the present time for hydro operation the outage is not cause for concern. A lot of finishing and cleaning up still remains to be done but, subject to the repair of the pipe, the unit is in operating condition. Points of interest were that, burning the local, high ash content, coal the Austrians expect to have to renew pulveriser rollers every 800 hours; only electric feed pumps are provided for the once-through Benson boiler. The first circuit of the double circuit 230 KV transmission line between St. Andra and Hessenberg was in operation. This is the first link in a future 230 KV loop round southern Austria.

Voitsberg

Time did not permit visiting this station but I was informed that the new 65 MW unit was operating satisfactorily. I could get no information on its operating costs.

PJSquire:jg

cc: Area
Messrs. Spottswood/Bass

Austria.

May 5, 1959

Dr. Rudolf Stahl
Generaldirektor
Osterreichischen Elektrizitatswirtschafts, A.G.
Am Hof 6
Wien 1
Austria

Dear Dr. Stahl:

I have, of course, seen Mr. Spottswood's letter to you of April 8 and your reply of April 28 and my purpose in writing is to thank you personally for all the trouble you have taken to make the arrangements for my forthcoming visit.

The arrangements you have made appear excellent and I look forward very much to meeting you and your colleagues again.

With kind regards,

Yours sincerely,

Philip J. Squire
Assistant Director
Technical Operations Department

PJSquire:jg

cc: Mr. Spottswood

Austria -

Air Mail

May 5, 1959

Dr. Rudolf Stahl
Generaldirektor
Osterreichischen Elektrizitatswirtschafts, A.G.
Am Hof 6
Wien 1
Austria

Dear Doctor Stahl:

This will acknowledge and thank you for your letter of April 28, 1959 concerning arrangements for Mr. Squire's visit to Austria.

The schedule of his visit as you have outlined it appears most satisfactory, and we very much appreciate the good fortune which enabled you to procure a reservation for Mr. Squire at the Imperial for the week beginning May 21.

As for me, I would very much enjoy a visit to Austria right now, but I am afraid that other commitments require me to remain in Washington.

Yours sincerely,

A. D. Spottswood
Chief, Public Utilities Division
Department of Technical Operations

pec

Austria fn648

FORM NO. 26
(5-58)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

TEX 1 **INCOMING WIRE**

DATE OF WIRE: MAY 4, 1959

TO: MR. SPOTTSWOOD

FROM: VIENNA

ROUTING
ACTION COPY TO TECHNICAL OP.
INFORMATION COPY TO
Decoded By

TEXT:

FOR MR. SPOTTSWOOD

RE YOUR CABLE 26 1 551P MY LETTER DATED APRIL 28 IS ALREADY

ON THE WAY

STAHL

DUPLICATE

TYPED

GENERAL FILES
CORRESPONDENCE

MAY 4 10 56 AM 1959

Mr. P. J. Squire May 1, 1959

C. Finne

Austria Power Projects

1. Vorarlberger Illwerke (Loan No. 118/179 AUA)

Two loans, $10 million in 1955 and $3.6 million in 1957 were made to the Illwerke to finance the Lunersee project, which is a 190 MW peaking plant equipped with pumps to supplement the natural inflow of the Lunersee reservoir. A major part of the power is delivered to two German utilities. The project was inaugurated in March 1958 and has since been in full commercial operation. The last progress report (December 1958) mentions a leakage in the pressure tunnel and that repair work is under way. Total cost of the project amounts to Sch.1,400 million ($54 million). The estimate in 1957 amounted to Sch.1,300 million. Both loans have been fully disbursed.

2. Verbundgesellschaft (V.G.)

a. Draukraftwerke
Loan No. 102 AUA - Reisseck Kreuzeck Project

The loan of $12 million was made in 1954. At that time the first stage of the project on the Reisseck section had already been completed. They included a weekly regulating basin with intakes and two 20,000 kw (Nos. 1 and 2) generating units installed in the Kolbnitz power house.

The Bank project on the Reisseck section included the construction of six high mountain reservoirs with interconnecting tunnels, penstocks and the installation of further two 20,000 kw (Nos. 3 and 4) generating units in the Kolbnitz power house. The turbines operate under a head of 1,771 meters, the highest in the world. In addition, a separate pumping station at Hattelberg, at an elevation 500 meters above the power house was provided to permit the transfer of water to the high level reservoirs during the summer months. Not included in the project was the installation of an additional generating unit (No. 5) which was ordered in 1958.

On the Kreuzeck section the project included intake works on eight smaller streams with two connecting tunnels terminating in the Rosswiese regulating reservoir. The intermediate Niklai power plant (7,000 kw) was also included. A penstock connects the Rosswiese reservoir with the Kolbnitz power house where the two 20,000 kw generating units (Nos. 6 and 7) belonging to this section also are installed.

Most of the work on the project had been completed by the end of 1958. Still outstanding were grouting and finishing work on the dams, completion of the installation of the No. 7 generating unit (Kreuzeck Section) and the Niklai generating unit and various smaller works. All parts of the project were to be in full operation in April 1959, only a few months later than originally scheduled.

Total costs are presently estimated at Sch.1,896.7 million ($42.1 million) or roughly 40% higher than the original estimate. The increase is largely caused by steadily increasing wages and prices during the construction period. The Bank loan has been fully disbursed.

Loan No. 148 AUA St. Andrae and Voitsberg Thermal Plants

The $10 million loan was made in 1956. Both projects consisted of an expansion of existing plants. The installation of the 65,000 kw unit in the Voitsberg plant has been completed and the unit went into operation early in 1957. Total costs amount to Sch.213.2 million ($8.2 million) or 17.5% higher than originally estimated.

The installation of the 100,000 kw unit in the St. Andrae plant is well advanced and the unit was to be ready for operation in April 1959, some 3 months later than scheduled. Late deliveries caused the delay. Total costs are now estimated at Sch.332.1 million ($12.7 million), or about 15% lower than originally estimated. The reduction stems from unused contingencies and lower interest charges than anticipated. The loan has been fully disbursed.

b. Donaukraftwerke
Loan No. 149 AUA Ybbs-Persenbeug Project

The $21 million loan was made in 1956. The project consists of a 192,000 kw run-of-the-river plant on the Danube. The main structure includes the south powerhouse, the spillway section, the north powerhouse and the double navigation lock. Average waterflow is 2,100 cu.meter/second and the average head 11 meters.

The project has been practically completed, some six months ahead of schedule. The three units in the south powerhouse have been in operation since the beginning of 1958. Two of the units in the north powerhouse came into operation in September and December 1958 respectively and the last unit was expected to be ready in April 1959. The navigation lock was put in full operation already in May 1957.

Total cost of the project is now estimated at Sch.2,485 million ($95 million) or about 5% higher than originally estimated. The loan has been fully disbursed.

Loan No. 213 AUA - Aschach Project

The $25 million loan was made in 1958. The project consists of a run-of-the-river plant on the Danube further upstream from the Ybbs plant and about midway between Linz and the German border. The main structure will include a double navigation lock, a powerhouse and a spillway section. At the time the loan was signed (December 1958) it was not yet decided whether the plant capacity of 264,000 kw would be divided between 4 or 5 units. No reports have yet been received by the Bank on this project and

we are interested in obtaining details on the final plans and present status of construction work which now should have been started. Total cost of the project is estimated at Sch.3,000 million ($115 million).

c. V.G. Construction Program

In addition to the Bank financed projects, V.G. is also carrying out other major construction:

Plant	Capacity MW	Estimated Completion
Edling hydro	70	1961/62
Fohnsdorf Thermal	130	1962/63
Losenstein Hydro	32.4	1962
Korneuburg Thermal	150	1962/63
Schaerding Hydro	47.5 (Austrian part only)	1961
Dorfertal Huben Hydro	120	1963/64

Total construction costs for the period 1959-1963, including transmission lines and various minor works, are estimated at Sch.7,561 million ($290 million). Total capital requirements during this period, including repayments of loans, are estimated at Sch.11,261 million ($433 million). These will be covered from the following sources:

Receipts from Operations	Sch.4,739 million
Share Capital	1,250 "
IBRD Loan	650 "
Other foreign loans	1,059 "
Domestic loans	3,768 "
Total	Sch.11,466 million

CFinne:ab
cc: Mr. Jago

Austria-1148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

CLASS OF SERVICE: LT

DATE: MAY 1 1959

TO: STAHL
VERBUNDNETZ
VIENNA

COUNTRY (AUSTRIA

TEXT: WOULD APPRECIATE YOUR EARLY REPLY MY LETTER APRIL 8 REGARDING

Cable No. MR. SQUIRE'S VISIT TO AUSTRIA BECAUSE HE LEAVES WASHINGTON

MAY SEVEN

Signed: SPOTTSWOOD

AUTHORIZED BY:
NAME: A.D. SPOTTSWOOD
DEPT: TOD
SIGNATURE: A.D. Spottswood

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

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

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

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

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

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

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

MAY 1 5 05 PM 1959
CENTRAL FILES
CORRESPONDENCE
DISPATCHED

Squire
For comment
AOS

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

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

April 28, 1959.

Austria -

F.

Mr.
A.D. Spottswood
Chief, Public Utilities Division
Department of Technical Operations
International Bank for
Reconstruction and Development

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

Dear Mr. Spottswood;

Only today I am able to answer your letter dated April 8 because I have been in Iran the last two weeks in order to conclude for the Verbundgesellschaft a contract for some consulting engineering work on an irrigation dam in the province of Tehran.

I shall be pleased to see Mr. Squire on or after the 22nd of May and we shall do our best to give him all the informations he may wish to have.

A program of a visiting trip to the projects financed by World Bank's loans has been drawn up as follows:

first day : Ybbs - Persenbeug, Aschach, Linz (night);
second day: Salzburg (sightseeing), Schwarzach, Glocknerstrasse, Lienz (night);
third day : Reisseck - Kreuzeck, Velden (night);
fourth day: St. Andrä, Voitsberg, Vienna.

Please let me know as soon as possible whether this program will suit Mr. Squire's plans or what changes he would prefer to have made. Then the necessary arrangements with the Sondergesellschaften will be done at once.

We were lucky enough to obtain a reservation at the Hotel Imperial for the week beginning on May 21st, evening although Vienna will be terribly crowded by that time.

./.

Ack 5/ay 5/59

And what about yourself ? We should be really glad to see you here again and you will be cordially welcome even without the smallest loan to be talked about.

With my best regards,

Yours truly,

RECEIVED
BANK MAIL ROOM
1959 MAY -4 AM 10:50

austria - hi48

AIRMAIL

April 8, 1959

Dr. Rudolf Stahl, Director
Verbundgesellschaft
Am Hof 6
Wien, Austria

Dear Dr. Stahl,

Mr. Philip Squire, Assistant Director of the Bank's Department of Technical Operations, is planning to visit Austria for about a week starting May 22. He would like to meet with you and your colleagues in the Verbundgesellschaft in order to get an up-to-date picture of your operations and construction program, and also to visit the projects financed by the World Bank's loans.

I would appreciate if you could let me know whether the time of Mr. Squire's visit would be convenient to you. It would also be helpful if you could prepare a tentative program for a 4-5 days field trip.

With my personal regards.

Yours sincerely,

A. D. Spottswood
Chief, Public Utilities Division
Department of Technical Operations

CFinne:ab

P.S. Mr. Squire will be arriving on the 21st and perhaps you would be good enough to reserve a room with bath for him at the Hotel Imperial.

148X144
Austria - fn148

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

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

F.

January 12, 1959

Mr.
S.R.Cope
Director of Operations
Europe, Africa and Australasia
International Bank for
Reconstruction and Development

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

Dear Mr. Cope:

Thank you for your letter of January 9, concerning the inclusion of the Dorfertal-Huben project in our construction program. I am glad to learn that the Bank considers the financing of the program reasonably assured.

On July 15, 1958 the Austrian Government has approved the program comprehending the power stations Aschach, Losenstein, Edling, Schärding and Dorfertal-Huben. This decree was proposed to the Government by the Minister of Traffic and Electricity, according to our proposal as we were sure that the financiál negotiations with the Bank concerning the construction program required, in accordance with Section 5.08 of the Loan Agreement , the approval of the Government.

I beg to enclose copy of the Approval of the Government dated July 17, 1958 and remain with kindest regards

Sincerely yours

Encl.

16/59

REPUBLIK ÖSTERREICH
Bundesministerium für Verkehr
und Elektrizitätswirtschaft
I., Schwarzenbergpl.1
Zl.: 53.701-IV/5/58

Verbundgesellschaft
Post 18. JULI 1958 Eing.
Fi | Va
Erl.Sign.

An die

Österreichische Elektrizitätswirtschafts-
Aktiengesellschaft (Verbundgesellschaft)

W i e n I
Am Hof 6

Betr.: Genehmigung des neuen
Programmes 1958 - 1962

Der Herr Bundesminister für Verkehr und Elektrizitätswirtschaft hat in der Sitzung des Ministerrates am 15.7.1958 beiliegenden Bericht und Antrag vorgelegt. Der Ministerrat hat den Antrag einstimmig ohne Einschränkung zur Kenntnis genommen.

Damit sind die im Antrag und in der Beilage aufgeführten neuen Bauvorhaben, ebenso wie die im Bericht angeführten Projekte Kastenreith und ein Donaukraftwerk in Niederösterreich, von der österreichischen Bundesregierung zustimmend zur Kenntnis genommen worden.

Nach dem Vorliegen des Beschlußprotokolles des gegenständlichen Ministerrates wird der Österreichischen Elektrizitätswirtschafts-Aktiengesellschaft eine Abschrift desselben zum ordnungsgemäßen Abschluß des Aktenvorganges übermittelt werden.

1 Beilage

Wien, am 17. Juli 1958
Für den Bundesminister:
Dr.W. KOVATS

Für die Richtigkeit
der Ausfertigung:

Bundesministerium für Verkehr
und Elektrizitätswirtschaft
Zl.: 53.591-IV/5/58

B . e r i . e h t
des
Bundesministers für Verkehr
und Elektrizitätswirtschaft
an den Ministerrat

betreffend das Ausbauprogramm der Verbundgesellschaft und der Sondergesellschaften in den Jahren 1958 - 1962

Die laufenden großen Bauvorhaben der österreichischen Elektrizitätswirtschaft nähern sich ihrer Fertigstellung. Es sind dies Ybbs-Persenbeug, Reißeck-Kreuzeck, St.Andrä, Schwarzach-St.Veit sowie Restarbeiten an Jochenstein, Voitsberg und Kaprun samt dazugehörigen kleineren Arbeiten an Leitungen und Umspannwerken. Wohl sind die beiden kalorischen Werke Korneuburg und Fohnsdorf schon in Angriff genommen, diese Werke sind jedoch ihrer Größenordnung nach zwar Großkraftwerke, doch haben sie mit Rücksicht auf die dauernde Steigerung des österreichischen Elektrizitätsbedarfes nur eine beschränkte Auswirkung. Jedenfalls findet mit dem Auslaufen dieser Bautätigkeit das der Weltbank anläßlich der Verhandlungen im Jahre 1956 vorgelegte Programm seine Erfüllung.

Für die österreichische Elektrizitätswirtschaft ist derzeit eine Pause im Ausbau eingetreten. Mangels ausreichender sichtbarer Finanzierung konnten sich die verantwortlichen Stellen nicht entschließen, die Durchführung neuer Projekte zu beginnen, obwohl solche Projekte baureif ausgearbeitet in größerer Anzahl vorliegen. Eine Fortdauer dieses Zustandes muß eine ernste Gefährdung der ungeschmälerten Versorgung unserer Wirtschaft mit elektrischer Energie bringen.

Schon in der abgelaufenen Zeit seit dem Sommer 1957 galt die größte Sorge der Beschaffung von Geldmitteln, welche den weiteren Ausbau ermöglichen. Nun ist durch die Verabschiedung der Novelle des Elektrizitätsförde-

./.

rungsgesetzes eine Erhöhung der Eigenmittel bis 1963 erreicht worden. Auch durch die Novelle zum Einkommensteuergesetz bestehen Aussichten, daß Mittel aus dem inländischen Kapitalmarkt in höherem Ausmaß als bisher dem Ausbau von Großkraftwerken zugeführt werden können. Die verschiedenen Verhandlungen mit ausländischen Kreditgebern lassen erhoffen, daß auch aus diesen Quellen mehr Mittel als bisher für den österreichischen Kraftwerksausbau zur Verfügung stehen. Dies zusammen scheint es zu rechtfertigen, den Beginn neuer großer Bauvorhaben ins Auge zu fassen.

Als unmittelbare Veranlassung hiefür sei die für die 2. Hälfte August erwartete Delegation der Weltbank hervorgehoben. Dieses Institut bekundet durch diese Entsendung neuerlich sein Interesse am Ausbau der österreichischen Elektrizitätswirtschaft. Das jetzt auslaufende Programm der Verbundgesellschaft und der Sondergesellschaften ist von der Weltbank mitfinanziert worden und die kommenden Besprechungen sollen dazu dienen, über die oben erwähnten Kreditmöglichkeiten aus dem In- und Ausland hinaus weitere Kredite von der Weltbank flüssig zu machen.

Gemäß der Bestimmung des Artikels 508 der beiden Weltbankverträge vom 21.9.1956 muß sich die Verbundgesellschaft (während des Zeitraumes des laufenden Programms) bezüglich jedes größeren Bauvorhabens, das nicht im laufenden Programm enthalten ist und das für seine Fertigstellung wesentliche Geldmittel benötigt, mit der Bank ins Einvernehmen setzen. Die Verbundgesellschaft kann derartige Bauvorhaben nur dann durchführen bzw. den Sondergesellschaften die Durchführung derartiger Bauvorhaben nur dann erlauben, wenn die Bank, der Bürge und die Verbundgesellschaft gemeinsam übereingekommen sind, daß deren Finanzierung genügend gesichert ist und das (laufende) Programm dadurch nicht beeinträchtigt wird. Als "Bürge" ist die Bundesrepublik Österreich zu verstehen.

Eine Voraussetzung für die Besprechungen mit der Weltbank ist, daß sich die österreichischen Stellen

über den Rahmen der neuen Bauvorhaben klar werden, welche der Weltbank als neu zu finanzierende Projekte genannt werden. Die Verbundgesellschaft hat eine Reihe von Kraftwerksprojekten ausgearbeitet. Maßgebend für die Auswahl waren die energiewirtschaftlichen Notwendigkeiten; zugleich wurde die Wirtschaftlichkeit der einzelnen Bauvorhaben besonders berücksichtigt. Als neue mit der Delegation der Weltbank zu verhandelnde Projekte wären Losenstein, Schärding, Edling, Aschach, St. Pantaleon, Dorfertal-Huben, Durlassboden und die für die Übertragung notwendigen Anlagen (Umspannwerke und Leitungen) zu nennen.

Die Durchführung dieser Bauvorhaben, zeitlich bis 1963 sich erstreckend, stellt die erste Hälfte eines 10-Jahresprogrammes dar und erfordert einen Investitionsbedarf von rund 6 1/2 Mia S. Als Vergleich sei bemerkt, daß derzeit die jährliche Investitionssumme insgesamt an die 2-Milliardengrenze herenrückt. Aus der Beilage ist ferner ersichtlich, daß die laufenden Investitionen bis 1962 etwa 2,7 Mia S betragen, so daß sich insgesamt ein Investitionserfordernis von etwa 9 Mia S ergibt. Als Deckung sind die Bundesmittel bis zum Jahre 1963 mit einem Mindestansatz von 1,2 bis 1,3 Mia S zu nennen. Dieser Ansatz ist im § 12 des novellierten Elektrizitätsförderungsgesetzes gesetzlich begründet. Die Abschreibungen, Gewinne und andere Eigenmittel im Konzern sind vorsichtig mit rund 2,8 Mia S präliminiert. Die Anleihen der Verbundgesellschaft, die im heurigen Jahr neuerdings die Popularität der Elektrizitätswirtschaft bewiesen haben, sind mit einem sicherlich nicht überhöhten Ansatz von 400 Mio S jährlich angenommen, was zusammen mit dem heurigen Jahr einen Deckungsbetrag von etwa 2 Mia S ergibt. Schließlich sind auch die ERP-Mittel in dem Zeitraum von 1958 - 1962 mit einem Mindestbetrag von 200 Mio S jährlich angenommen, was eine Deckung von mindestens 1 Mia S ergibt. Zugleich laufen die Verhandlungen über neue ausländische Kredite, darunter mit der Berliner Handelsgesellschaft über 200 Mio DM im wesentlichen für Aschach. In den bevorstehenden Verhandlungen mit der

Weltbank soll zunächst ein Kredit von etwa 28 Mio $ angestrebt werden.

Die hier genannten Daten sind in der Beilage 1, u.zw. in der Darstellung des neuen Programms auf der Seite 2 dieser Beilage angeführt. Die energiewirtschaftlichen Belange sind in der Tabelle festgehalten, aus der auch zu ersehen ist, daß das "Neue Programm" unter der Voraussetzung ehester Inangriffnahme erst im Jahre 1961 zur Erhöhung des Stromdargebotes führen wird.

Die Fertigstellung aller Bauvorhaben führt zeitlich etwa 2 Jahre über den Finanzplan hinaus, wie dies bei Großbauvorhaben der Elektrizitätswirtschaft häufig vorkommt.

Es ist klar, daß der weitere Ausbau mit diesem Programm nicht erschöpft sein kann, sondern daß er, der Entwicklung folgend, weitergeführt werden muß. Schon jetzt zeichnet sich aber die Notwendigkeit zum Bau neuer Vorhaben ab, deren Beginn für das Jahr 1960 oder 1961 vorzusehen sein wird; an erster Stelle rangiert hier das Speicherkraftwerk Kastenreith, für welches ein technisch einwandfreies Projekt fertig ausgearbeitet vorliegt, und auch ein Donaukraftwerk in Niederösterreich.

Die Fortführung des Ausbaues der österreichischen Wasserkräfte und der dazugehörigen Leitungsanlagen sowie der energiewirtschaftlich notwendigen Ergänzung durch kalorische Anlagen ist ein unbedingtes Gebot der Fortentwicklung der österreichischen Wirtschaft. Aus ihm erwächst die Aufgabe, die Geldmittel für die genannten Vorhaben, die aus dem größeren Rahmen eines 10-Jahresprogrammes als notwendigste Erfordernisse ausgewählt wurden, zu beschaffen oder sichtbar zu machen. Der Besuch der Delegation der Weltbank bietet u.a. die Veranlassung, dieses Ausbauprogramm zur Aufbringung weiterer Geldmittel zu besprechen. Da der Bund der Weltbank gegenüber die Garantie des Vertragswerkes, in welchem die Bauvorhaben auch genannt sind,

als Grundlage für solche Kredite übernimmt und die Verbundgesellschaft ihrerseits nicht in Verhandlungen über neue Programme oder auch nur einzelne Vorhaben eintreten kann, ehe ihre Absichten von der österreichischen Bundesregierung zur Kenntnis genommen sind, stelle ich daher den

A n t r a g ,

die Bundesregierung möge den vorstehenden Bericht zustimmend zur Kenntnis nehmen.

2 Beilagen

Wien, am 10. Juli 1958
Der Bundesminister:
WALDBRUNNER

Für die Richtigkeit
der Ausfertigung:

List of Goods.

COPY

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

January 9, 1959

Gentlemen:

Now that Loan 148 AUA has been completely disbursed we should like to make a final adjustment to the List of Goods, as we suggested in our letter of October 30, 1958.

I enclose a revised List of Goods giving the final amounts disbursed under each category according to our records. If you have no objection to these changes, would you please indicate your agreement by signing the attached copy of this letter and returning it to us.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosure

Österreichische Draukraftwerke
Klagenfurt
Austria

Confirmed:

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT
ÖSTERREICHISCHE
by DR

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

An die
International Bank for Reconstruction and Development

L U F T P O S T

W a s h i n g t o n 25 D. C.
1818 H. Street N. W.

Ihr Zeichen | Ihre Nachricht vom | Unser Zeichen KRF/Plk/Ru | KLAGENFURT, Baumbachplatz 2, 19.1.59

Betrifft: Berichtigung der Warenlisten zur Weltbankanleihe St.Andrä - Voitsberg

Wir danken für Ihr Schreiben vom 9.1.1959 und teilen Ihnen mit, daß wir mit Ihren Aufzeichnungen konform gehen.

Beigeschlossen finden Sie die von uns unterzeichnete Abschrift obengenannten Schreibens.

Hochachtungsvoll

Beilage
Schreiben der Weltbank
vom 9.1.1959

Du/KRF
KB
SE

Vordruck 10001/103

Vorstand: Dr. Karl Krebs, Dipl.-Ing. Erich Werner
Vorsitzer des Aufsichtsrates: Dipl.-Ing. Franz Hintermayer

Drahtanschrift: Draukraft | Fernruf: 46-11 Serie (0-42-22) | Fernschreiber: 034451 | Postscheckkonto: 157.185 | Bankkonto: Bank für Kärnten, Klagenfurt, Nr. 9180 Österr. Länderbank, Villach Nr. 2303 Creditanstalt-Bankverein Wien Nr. 0-0424 | Postfach: 254 | 20.000 / IV. 58 Theissdruck, Wolfsberg

LIST OF GOODS

	U. S. Dollars
A. St. Andrä Project	
I. Goods to be imported	
Turbine and accessories, boiler accessories, transformers, pipes and mechanical equipment	2,156,748.81
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	4,362,251.59
Total St. Andrä Project	6,519,000.00
B. Voitsberg Project	
I. Goods to be imported	
Turbine and miscellaneous equipment	400,000.00
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guaranter or acquired from sources within the territories of the guarantor	2,631,000.00
Total Voitsberg Project	3,031,000.00
C. Interest, Commitment and other Charges on the Loan	450,000.00
TOTAL	$10,000,000.00

Austria 148

January 9, 1959

Gentlemen:

Now that Loan 148 AUA has been completely disbursed we should like to make a final adjustment to the List of Goods, as we suggested in our letter of October 30, 1958.

I enclose a revised List of Goods giving the final amounts disbursed under each category according to our records. If you have no objection to these changes, would you please indicate your agreement by signing the attached copy of this letter and returning it to us.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosures

Österreichische Draukraftwerke A.G.
Klagenfurt
Austria

Confirmed:

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

by_____

JHCollier:mea
Cleared with and copies to: Mr. Fontein
Mr. Rigby

LIST OF GOODS

	U. S. Dollars
A. St. André Project	
I. Goods to be imported	
Turbine and accessories, boiler accessories, transformers, pipes and mechanical equipment	2,156,748.41
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	4,362,251.59
Total St. André Project	6,519,000.00
B. Voitsberg Project	
I. Goods to be imported	
Turbine and miscellaneous equipment	400,000.00
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	2,631,000.00
Total Voitsberg Project	3,031,000.00
C. Interest, Commitment and other Charges on the Loan	450,000.00
TOTAL	$10,000,000.00

January 8, 1959

Dear Dr. Stahl:

In your letter of December 15, 1958 you refer to the inclusion of the Dorfertal-Huben project in your construction program.

I am pleased to inform you that, based on the information supplied with your letter together with that given to the Bank in connection with the appraisal of the Aschach project, the Bank agrees, in accordance with Section 5.08 of each of the two Loan Agreements (Ybbs-Persenbeug project and Voitsberg-St. Andraeprojects), both dated September 24, 1956, that the financing of the Verbundgesellschaft's new construction program, consisting of the Aschach, Losenstein, Schärding, Edling and Dorfertal-Huben projects, is reasonably assured and will not impair the program as defined in said Loan Agreements. As you know, Section 5.08 of the above-mentioned Loan Agreements requires that any major construction projects also require the approval of the Austrian Government. Since we do not now have any statement of the Government's approval, would you please obtain such a statement and send it to us.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Dr. R. Stahl
Generaldirektor
Verbundgesellschaft
Am Hof 6
Vienna, Austria

JHCollier:mea
Cleared with and
cc: Mr. Finne
Mr. Fontein
Mr. F. Oppenheimer

Austria Ln 148
FILES.

FORM NO. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. John H. Collier

DATE: January 5, 1959

FROM: J. Rigby

SUBJECT: Loan IB 148 AUA - Final List of Goods

In accordance with your letter of October 30, 1958 the Borrower submitted Application No. 94 for A.S.1,228,541.34 equivalent of $47,251.59 which amount represented the unused balance of Loan IB 148 AUA, the actual disbursement was effected value date December 23, 1958.

For the purposes of establishing a final List of Goods, listed below are the amounts disbursed against each Category.

Category	Amount
A I	$2,156,748.41
A II	4,362,251.59
Total St. Andra Project	$6,519,000.00
B I	400,000.00
B II	2,631,000.00
Total Voitsburg Project	3,031,000.00
C	450,000.00
TOTAL	$10,000,000.00

JFRigby/gl

cc: Mr. Jones (List of Goods)
Mr. Solorzano
Mr. Rigby

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: December 15, 1958

TO: Mr. Cope

FROM: Dr. Rudolf Stahl, Director General of GV, Vienna.

FILED UNDER: Austria - External borrowing by the VG.

SUMMARY: Regarding conclusion of 100 million DM issue of a German bank consortium discussed in Washington.

Austria - Ln 148

October 30, 1958

Gentlemen:

We have received your letter of October 10, 1958 in which you request that some part of the balance of approximately $220,000 remaining in category A I of the amended list of goods for Loan 148 AUA representing imports for the St. Andrae Project be used instead for goods purchased in Austria.

We have no objection to this procedure and accordingly we suggest that you submit the necessary applications for withdrawals to cover purchases in Austria in order to draw down the balance of the loan by the closing date of December 31, 1958. We can then exchange formal letters amending the list of goods when the exact amounts are known.

Yours sincerely,

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

Oesterreichische Draukraftwerke A. G.
Klagenfurt
Austria

JHCollier:mea
Clearances and cc:
Mr. Spottswood
Mr. Fontein
Mr. Rigby
Mr. Rutland

Messrs. Spottswood, Fontein, Rutland, Rigby October 23, 1958

J. H. Collier JHC

List of Goods - Loan 148 AUA

Oct 10/58

The attached letter has been received from the Draukraftwerke. Their request seems to me unobjectionable and I have therefore drafted a reply agreeing to it, subject to your approval.

According to Mr. Rigby, Treasurer's has no contracts for imports which could be used to exhaust category A I. In other words, this change is not made necessary merely in order to withdraw the loan by the closing date; the Bank will have, in fact, financed all the imports for the project

Please let me know whether you agree.

Enclosure

JHCollier:mea

4 copies please. Austria Ln 148
Mr Lejeune

Mr. Gavanaugh
Room 700

OSTERREICHISCHE DRAUKRAFTWERKE
Aktiengesellschaft

Klagenfurt, Austria
October 10, 1958

I. B. R. D.
1818 H St. N. W.
Washington 25, D. C.

KH/Va/Vb

Re: Loan 148 AUA (St. Andrae - Voitsberg)

By your letter of April 2, 1958 you gave your approval to the correction of the list of goods as proposed in our letter of March 10, 1958.

		US $	
A.	St. Andrae		
	I. Imports	2,204,000.	
	II. Goods bought in Austria	4,315,000.	6,519,000.
B.	Voitsberg		
	I. Imports	400,000.	
	II. Goods bought in Austria	2,631,000.	3,031,000.
C.	Interest, loan charges		450,000.
			10,000,000.

Whereas the credits listed under A II, B & C have already been withdrawn, we do not anticipate being able to purchase goods abroad for St. Andrae for the full amount of U. S. $2,204,000., in other words, we will be unable to withdraw from the loan account by December 31, 1958 for payments of imports the unused balance of the credit. This balance stands now - including withdrawal application 74 - at U.S. $225,647.28, which amount will be reduced to U.S. $220,000 approximately, due to withdrawal applications 75 and 76 now being processed. Portion of this amount will be withdrawn in 1958 in accordance with the list of goods. So that we may be able to withdraw by December 31, 1958 the full credit amount (U.S. $10,000,000.) we request that you let us use the credit not withdrawn under the list of goods by December 15, 1958 for disbursement on domestic expenditure.

Hoping for an affirmative reply we remain.....

OSTERREICHISCHE
DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

s/ Illegible s/ Illegible

TRANSLATION SECTION

Translated From: German 10/21/58 By: A. B.:mh

ack. Oct. 30/58

ÖSTERREICHISCHE DRAUKRAFTWERKE
Aktiengesellschaft

KLAGENFURT/Austria, 14.10.1958
Telegramm-Adresse: Draukraft
Telefon: 46-11
Postfach: 254
Unser Zeichen: KH/Va/Ub

An die

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
1818 H Street, N.W.

Luftpost

Washington 25, D.C.

U S A

TRANSLATED
OCT 21 1958
I.B.R.D.

Betrifft: Anleihe 148 AUA (St.Andrä - Voitsberg)

Mit Ihrem Schreiben vom 2.April 1958 haben Sie der mit unserem Brief vom 10.März 1958 vorgeschlagenen Berichtigung der Warenliste zugestimmt:

		US $
A. St.Andrä		
I. Einfuhren	2,204.000,--	
II. In Österreich gekaufte Waren	4,315.000,--	6,519.000,--
B. Voitsberg		
I. Einfuhren	400.000,--	
II. In Österreich gekaufte Waren	2,631.000,--	3,031.000,--
C. Zinsen, Anleihekosten		450.000,--
		10,000.000,--

Während die unter A II, B, C angeführten Teile des Krediterlöses bereits abgehoben sind, sehen wir voraus, daß es uns nicht möglich sein wird, Waren bis zum vollen Werte von US $ 2,204.000,-- für St.Andrä aus dem Auslande zu beziehen und den gesamten, noch nicht in Anspruch genommenen Rest des Krediterlöses bis zum 31.Dezember 1958 zur Deckung von aus dem Ausland eingeführten Waren vom Kreditkonto abzuheben. Derzeit beläuft sich dieser Rest - einschl.

MIT FLUGPOST

ÖSTERREICHISCHE DRAUKRAFTWERKE
Aktiengesellschaft

KLAGENFURT/Austria, 14.10.1958

Telegramm-Adresse: Draukraft
Telefon: 46-11
Postfach: 254

Betrifft: siehe Seite 1.

Abhebungsantrag 74 - auf US $ 225.647,28, die sich durch die unterwegs befindlichen Abhebungsanträge 75 und 76 auf rd. US $ 220.000,-- vermindern. Ein Teil dieses Betrages wird noch der Warenliste gemäß im Jahre 1958 abgehoben werden. Damit wir den vollen Krediterlös von US $ 10,000.000,-- bis zum 31.Dezember 1958 abheben können, ersuchen wir Sie, damit einverstanden zu sein, daß wir d e n Teil des Krediterlöses, der bis zum 15.Dezember 1958 noch nicht der Warenliste gemäß abgehoben sein wird, bis zum 31.Dezember 1958 als Nachtrag zur Deckung von Inlandsaufwand abheben.

Wir bitten um zustimmende Anwort und zeichnen

hochachtungsvoll

ÖSTERREICHISCHE
DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

Du/D (2)
K
KH
KB
KR
SE
Verbund-Gesellschaft

MIT FLUGPOST

AIR MAIL

RECEIVED

GENERAL FILES
CORRESPONDENCE

OCT 20 11 08 AM 1958

ÖSTERREICHISCHE DRAHTWERKE
Aktiengesellschaft

KLAGENFURT/Austria, 14.10.1958
Telegramm-Adresse: Drahtwerk
Telefon: 45-11
Postfach: 324

Austria - fm 148

April 9, 1958

Österreichische Draukraftwerke
Aktiengesellschaft
Baumbachplatz 2
Klagenfurt, Austria

Loan No. 148 AUA - Voitsberg-St.
Andrä Project.

Gentlemen:

We wish to acknowledge receipt of your letter of March 24, 1958 informing us of the authority of Messrs. Steinböck and Kurzmann to sign, on behalf of your company, withdrawal applications and to take any other action under the Loan Agreement, other than the signing of the Bonds therein provided for.

Very truly yours,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

DJFontein:ea

Austria Ln 148

April 2, 1958

Subject: Loan 148 AUA

Gentlemen:

We have received your letter of March 10, 1958 enclosing a revised list of goods for the St. Andrä project. We have no objection to these changes and we therefore hereby give our approval to the revised list in accordance with Section 3.01 of the Loan Agreement dated September 21, 1956 between us.

We also agree that the amount of $781,000 may be withdrawn from the loan account in the 2nd and in the 3rd quarters of 1958 on account of expenditures on category A II of the revised lists of goods.

We note your statement that after the amount of $450,000 in category C for interest, commitment and other charges on the loan is exhausted, payments due for such charges will be remitted by you from Austria.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Oesterreichische Draukraftwerke
Klagenfurt
Austria

cc: Mr. Spottswood
Mr. Jones
Mr. Fontein

JHCollier:lmj

FORM No. 75 (3.52) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP	Date

NAME	ROOM NO.
Files	208

	Action		Note and File
	Approval		Note and Return
	Comment		Prepare Reply
	Full Report		Previous Papers
	Information		Recommendation
	Initial		Signature

Remarks

Kantor has letter dated 20.3.58.

From

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

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

Luftpost!

Ihr Zeichen | Ihre Nachricht vom | Unser Zeichen /KR/Kli/Sbr | KLAGENFURT, Baumbachplatz 2 | 24.3.58

Betrifft: Unterschriftsberechtigung
Fortschrittsberichte per 31.12.1957

Unser Schreiben KR/Kli/Sbr vom 20.3.1958 ist vom Herrn Dr. techn. Dipl.Ing. Ernst Kurzmann mitunterfertigt. Genannter Herr ist seit 1.1.1958 Prokurist unserer Gesellschaft und die Unterschrift ist daher rechtsgültig. Aus Versehen haben wir Sie von der Erteilung der Prokura an Herrn Dr. techn. Dipl.Ing.Ernst Kurzmann nicht informiert.

Wir werden Ihnen in den nächsten Tagen eine diesbezügliche schriftliche Mitteilung mit notariell beglaubigter Unterschriftsprobe zugehen lassen.

Hochachtungsvoll

Du/SR
KR
SE

ÖSTERREICHISCHE
DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

Vordruck 10001/103

Vorstand: Dr. Karl Krebs (Vorsitzer), Dipl.-Ing. Erich Werner
Vorsitzer des Aufsichtsrates: Dir. Dipl.-Ing. Franz Hintermayer

Drahtanschrift: Draukraft | Fernruf: 46-11 Serie | Fernschreiber: 034 451 Draukraft Klgft. | Postscheckkonto: 157.185 | Bankkonto: Bank für Kärnten, Klagenfurt, Nr. 9180 Österr. Länderbank, Villach Nr. 2303 Creditanstalt-Bankverein Wien Nr.0-0424 | Postfach: 254 | 10000 / 1./54 K. Bauer

RECEIVED

MAR 28 4 31 PM 1958

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

An die
International Bank for Reconstruction and Development
W a s h i n g t o n 6.D.C.

L u f t p o s t !

E i n s c h r e i b e n !

Ihr Zeichen	Ihre Nachricht vom	Unser Zeichen	KLAGENFURT, Baumbachplatz 2
		SR/Sto/Be	24.3.1958

Betrifft:

Bevollmächtigungsnachweis
und Unterschriftsproben

Im Sinne der Kreditvorschriften Nr. 4 vom 15.Feber 1955, Abschnitt VIII, welche einen integrierenden Bestandteil des Anleiheabkommens über 10,000.000,-- U.S.Dollar für die Erweiterung der Dampfkraftwerke St.Andrä und Voitsberg darstellen, teilen wir Ihnen mit, daß wir die folgenden Personen ermächtigt haben, die im § 8,02 des Abschnittes VIII der Kreditvorschriften Nr. 4 vorgesehenen Handlungen zu setzen:

Dipl.Ing. Wilhelm Steinböck
Dipl.Ing. Dr. techn. Ernst Kurzmann.

Die genannten Herren sind Prokuristen unserer Gesellschaft. Als bevollmächtigte Vertreter zur Unterzeichnung der Schuldverschreibungen sind jedoch gemäß Artikel IV Abs. 4,02 des Anleiheabkommens nur die beiden Vorstandsmitglieder Dr. Karl Krebs und Dipl.Ing. Erich Werner bestimmt.

Wir überreichen Ihnen beiliegend die vertragsgemäß zu übermittelnden notariell beglaubigten Musterunterschriften der genannten 2 Herren. Diese zeichnen mit Ausnahme der Schuldverschreibungen jeweils mit den im Schreiben vom 4.9.1956 genannten Herren (ausgenommen die Löschung Prokura Dipl.Ing. Alfred Schmeisser die laut Brief vom 4.11.1957 bekanntgegeben wurde) zu zweit gemeinsam in rechtsverbindlicher Form.

Beilage

Mit vorzüglicher Hochachtung

Du/Verbund,Dr.Wagner
2 D, K, 2 SR, SE

ÖSTERREICHISCHE DRAUKRAFTWERKE AKTIENGESELLSCHAFT

Vordruck 10001/103

Vorstand: Dr. Karl Krebs, Dipl.-Ing. Erich Werner
Vorsitzer des Aufsichtsrates: Dipl.-Ing. Franz Hintermayer

Drahtanschrift: Draukraft | Fernruf: 46-11 Serie (0-42-22) | Fernschreiber: 034 451 | Postscheckkonto: 157.185 | Bankkonto: Bank für Kärnten, Klagenfurt, Nr. 9180; Österr. Länderbank, Villach, Nr. 2303; Creditanstalt-Bankverein Wien Nr. 0-0424 | Postfach: 254 | 10000/XI/57 Theiss

ad April 9/58

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

An die

International Bank for Reconstruction and Development

W a s h i n g t o n 6.D.C.

Ihr Zeichen | Ihre Nachricht vom | Unser Zeichen | KLAGENFURT, Baumbachplatz 2

Betrifft: 24.3.1958

Unterschriftsproben

für Weltbankkredit gemäß Kreditvorschriften Nr. 4
Abschnitt VIII § 8,02

Prok. Dipl.Ing. Wilhelm Steinböck : pa Steinböck

Prok. Dipl.Ing.Dr.techn. Ernst Kurzmann: Dr Kurzmann

Von den vorstehend Genannten zeichnen rechtsgültig mit den im Schreiben vom 4.9.1956 (ausgenommen die Löschung Prokura Dipl.Ing. Alfred Schmeisser, die laut Brief vom 4.11.1957 bekanntgegeben wurde) je zwei Herren gemeinsam.

Dr. Hartwig Frefacher

Beurk.Reg.Nr. 310/1958

Die Firmazeichnung der Herren Dipl.Ing. Wilhelm S t e i n b ö c k , Baudirektors in Klagenfurt, Baumbachplatz 2, und Dipl.Ing. Dr. techn. Ernst K u r z m a n n , Abteilungsleiters ebendort, beider als Prokuristen der

Vordruck 10001/103

Vorstand: Dr. Karl Krebs, Dipl.-Ing. Erich Werner
Vorsitzer des Aufsichtsrates: Dipl.-Ing. Franz Hintermayer

adz april 9/58

Drahtanschrift: Draukraft	Fernruf: 46-11 Serie (0-42-22)	Fernschreiber: 034 451	Postscheckkonto: 157.185	Bankkonto: Bank für Kärnten, Klagenfurt, Nr. 9180 Österr. Länderbank, Villach, Nr. 2303 Creditanstalt-Bankverein Wien Nr. 0-0424	Postfach: 254	10000/XI/57 Theiss

Österreichischen Draukraftwerke Aktiengesellschaft, ist echt. Klagenfurt am sechsundzwanzigsten März eintausendneunhundertundachtundfünfzig (26.3.1958). ----------

Geb.s.Stpl. 31. 80 S

Dr. Hartwig Freischer
Österreicher Notar
Klagenfurt, Kärnten

Dr. Hartwig Freischer
öffentl. Notar

MAR 31 11 04 AM 1958

FORM NO. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Files
Austria Ln 148

OFFICE MEMORANDUM

TO: Mr. John H. Collier

DATE: March 17, 1958

FROM: J. Rigby

SUBJECT: Loan IB 148 AUA Interest Commitment and Other Charges

I refer to your letter of October 8, 1956 to Dr. Stahl and his reply of October 17, 1956 in relation to the amount of $450,000.00 allocated to Category C of the List of Goods, covering "Interest, Commitment and Other Charges".

Against this $450,000.00 an amount of $391,315.81 has been utilized for such purposes, leaving a balance of only $58,684.19 available.

It is realized that the next payment date for Loan Charges is not until September 1, 1958; however, the above mentioned correspondence refers to the possibility of increasing the allocation of Category C thus requiring a change in the List of Goods.

If the allocation is not increased the Borrower will have to pay the Loan Charges in excess of $58,684.19, if such is the case this Department would have to be notified well in advance of September 1, 1958 in order to make the necessary arrangements for the payment.

JFRigby/gl

cc: Mr. Rutland
Mr. Street (List of Goods)
Mr. Rigby

Austria Rn 148

Mr. Cope
Room 403

Osterreichisches Draukraftwerke, A. G.

Klagenfurt,
March 10, 1958

I. B. R. D.
1818 H St. N. W.
Washington 25, D. C.

Kr/Va/SchE

Subject: Loan 148 AUA

With reference to Loan Agreement of September 21, 1956 (expansion of the St. Andra & Voitsberg steam plant) we enclose a corrected List of Goods. We may point out, in regard to the sum of US $450,000.- shown under III for interest, commitment charge and other loan charges, that as soon as that sum is exhausted by direct withdrawals we shall, if necessary, transfer to you from here before the closing date (December 31, 1958) any such costs that may arise.

Please indicate your approval of the enclosed corrected List of Goods according to Section 3.01 of the Loan Agreement.

To cover domestic expenditures for St. Andra we have withdrawn, up to March 31, 1958 .....US $ 2,753,000.-
Of the 4,315,000.-
appearing under A II in the enclosed
List of Goods, there still remains therefore..... 1,562,000.-
for the 2d & 3d quarter of 1958.

According to letter agreement of September 21, 1956 US $631,000.- may be withdrawn from the loan account in the 2d and again in the 3d quarter to cover domestic expenditures for St. Andra. Please indicate your agreement to our withdrawing $781,000 - in the 2d and in the 3d quarter of 1958, which will exhaust the US $1,562,000 mentioned above.

Yours.....

Osterreichisches Draukraftwerke
A. G.

s/

TRANSLATION SECTION
Translated From: German 3/19/58 By: G. A.:mh

Ack. April 2/58

Austria Ln 148

ÖSTERREICHISCHE DRAUKRAFTWERKE
Aktiengesellschaft

KLAGENFURT / Austria, 10.3.1958
Telegramm-Adresse: Draukraft
Telefon: 46-11
Postfach: 254

An die

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
1818 H Street, N.W.
Washington 25, D.C.
U S A

TRANSLATED
MAR 19 1958
I.B.R.D.

KR/Va/Schl

Betrifft: Anleihe 148 AUA

Bezugnehmend auf das Anleiheabkommen (Erweiterung der Dampfkraftwerke St. Andra und Voitsberg) vom 21.9.1956 übermitteln wir Ihnen als Beilage eine berichtigte Warenliste. Wir erlauben uns, bezüglich der unter III für Zinsen, Bereitstellungsprovision und andere Anleihekosten angeführten U.S.$ 450.000.- folgendes zu bemerken: Sobald diese Summe durch direkte Abhebungen erschöpft ist, werden wir darüber hinaus entstehende Kosten dieser Art nötigenfalls vor dem Eintreten des Endtermines (31. Dezember 1958) von hier aus an Sie überweisen.

Wir bitten Sie, uns Ihre Zustimmung zur beiliegenden, berichtigten Warenliste gemäss Absatz 3.01 des Kreditvertrages bekanntzugeben.

Zur Deckung von Inlandsaufwand für St. Andrä haben wir
für die Zeit bis zum 31.3.1958 U.S.$ 2,753.000.-
abgehoben. Von den in der beiliegenden
Warenliste unter A II erscheinenden U.S.$ 4,315.000.-
bleiben daher für das 2. und 3. Quartal
des Jahres 1958 noch U.S.$ 1,562.000.-
Laut brieflicher Vereinbarung vom 21.9.1956 können im 2. und 3. Quartal 1958 zur Deckung von Inlandsaufwendungen für St. Andra je U.S.$ 631.000.- vom Kreditkonto abgehoben werden. Wir bitten Sie, sich damit einverstanden zu erklären, dass wir im 2. und 3. Quartal 1958 zu diesem Zweck je U.S.$ 781.000.- abheben, wodurch die vorangeführten U.S.$ 1,562.000.- erschöpft werden würden.

Hochachtungsvoll

Beilage
Du / D2, KR, KF, KD, SE
Verbundgesellschaft

ÖSTERREICHISCHE DRAUKRAFTWERKE AKTIENGESELLSCHAFT

MIT FLUGPOST

acc April 2/58

LIST OF GOODS

	U.S. Dollars
A. St. Andrä Project	
I. Goods to be imported	
Turbine and accessories, boiler accessories, transformers, pipes and mechanical equipment	2,204.000.--
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	4,315.000.--
Total St. Andrä Project	6,519.000.--
B. Voitsberg Project	
I. Goods to be imported	
Turbine and miscellaneous equipment	400.000.--
II. Goods to be purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	2,631.000.--
Total Voitsberg Project	3,031.000.--
C. Interest, Commitment and other Charges on the Loan	450.000.--
TOTAL	10,000.000.--

OC CDS

FORM NO. 75
(3-52)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP	Date 2/19

NAME	ROOM NO.
Mr. Chadenet	306
Operational Files	210
M² Aldewald	

	Action		Note and File
	Approval		Note and Return
	Comment		Prepare Reply
	Full Report		Previous Papers
	Information		Recommendation
	Initial		Signature

Remarks

Fr

A. D. SPOTTSWOOD

Austria - Ln 148

C
O
P
Y

Zurich
Saturday Afternoon
February 15, 1958

Mr. A. D. Spottswood
International Bank
Washington

Dear Spotty:

I am writing you from Zurich where I am stopping over for a couple of hours en route to Karachi, where I am scheduled to arrive tomorrow evening (Sunday). I shall fly on Monday, February 17, to New Delhi, so that I shall arrive in time there to be briefed by Mr. Knapp on the Ceylon situation as requested in your telegram No. 1.

I have been in Vienna from Tuesday, February 11, until this morning. Most of the time in Vienna I have spent in V.G.'s office with Hermann. I was able to obtain all of the financial information I had requested Hermann to have available upon my arrival, that is, Balance Sheet end 1957, profit and loss statement 1957, specifications of long term and short term debts, etc. This information should be useful if we have to prepare a short report in case of a joint operation with the Swiss Banks. Although I do not know what type of report will be required from us for such a small operation, I considered it useful to ask Hermann to prepare certain additional information (forecast for the next 5 years of profit and loss, kwh sales, kw capacity etc., and also quite a lot of detail as far as concerns operating statistics for 1956 and 1957) which would bring our 1956 report up to date. I have asked Hermann to mail this information to Washington as soon as he has prepared it and address it to you instead of to me in Calcutta.

Stahl was very busy after his week's absence from Vienna so that I only managed to talk to him for a short moment. He told me that he saw Schafer (I believe he is from the Swiss Banking Corp.) on his return trip and that Schafer was favorably inclined to consider a joint operation with the Bank. Stahl hopes that this can be completed before the end of March. As far as concerns a suitable project for which our loan would be made, which I understand would not exceed about Sw.Frs. 10 million (or Sch. 60 million) I can report the following:

Assuming that we would be willing to finance up to 60% of the total cost of the project selected, its cost should be at least 100 million schillings. Another requirement would be from the point of view of the V.G. that the loan could be disbursed as fast as possible, say at least during 1958. The investments required for transmission facilities in connection with the proposed export of power to Switzerland only amount to about Sw.Frs. 30 million, and, therefore, would not be sufficient. From our discussions in Washington I also understand that we should not consider any additional financing fr projects which we are already financing or a major project such as Schwarsach 1st. Veith, and that probably the best solution would be to select some transmission facilities being constructed by V.G. V. G. have submitted to me as best selection* a project consisting of the construction of transmission facilities (a line consisting of two parts with substations) required to transport the additional power which will be generated by the St. Andrae Steam plant. The total cost of these facilities amount to about Sch. 200 million, of which about Sch. 70 had been spent up to the end of last

* at least this is my opinion and also theirs.

year. Practically the entire balance of Sch. 130 million still to be spent would be invested during the current year. A memorandum giving details about this project, with a map and some technical description, will also be mailed direct to you by Hermann.

Stahl also told me that the Cabinet next Tuesday should discuss the matter of asking the Bank to send a mission to appraise new power projects (I understand that this would in the first place be the Scharding Hydro Project) for new Bank financing. The Cabinet would also be asked to give its approval to the addition of the Losenstein Hydro Project to the present Bank financed program, as requested by Dr. Stahl in Washington last week.

The second rate increase application of V.G. is now being discussed by the appropriate Committee. V.G. has raised its original request for an increase of 8.5% to 12%. Hermann has favorable expectations as far as concerns the final decision. However, it may still take an other two months before the new rates would become effective. This also applies to the increases in rates requested by the provincial companies. A settlement of the Sch. 70 million arrears by these companies will, of course, have to wait until a final decision on their rate operations has been rendered.

V.G.'s net profit from 1957 was about Sch. 12 million after adequate provision for depreciation. This figure does not include the uncollected revenues of Sch. 70 million referred to above. About one third of the revenues collected during 1957 were on the basis of the increases in rates which became effective on May 1, 1957 (sales to the provincial companies account for about 2/3 of V.G.'s total revenues). According to Hermann V.G. would be in quite a favorable position if the new rate increase of 12% would be approved. Total increases in operative costs since the first increase in rates was applied for have amounted to about 2½% to 3% only.

During the next two months V.G. will be in a tight financial position. They are negotiating now with one of the Savings Banks a long-term credit of 130 million schillings. They expect to go to the market in May with a bond issue of from 300 to 400 million schillings and probably will be able to get interim financing in anticipation of this bond issue from the Austrian Banks. The $3 million credits from the Manufacturers Trust (unsecured credit) will probably become available within the next two weeks. In the new year so far they have received about Sch. 100 million from the Government as capital contribution. Another Sch. 50 million is expected to be paid in next month. They hope to get a total of 300 million from this source this year as provided in their financing program.

I apologize for my bad handwriting, but I'm sure my secretary will be able to decipher this letter which I am writing in a hurry while waiting for my plane to Karachi. It is beautiful weather at present here in Zurich and I'm sorry to have to leave so soon.

With kindest regards,

/ signed /

P. A. Kanters

Ln 148

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memorandum

DATED: January 27, 1958

TO: Mr. S. P. Wheelock

FROM: M. M. Lejeune

FILED UNDER: Austria - ~~Indebtedness~~ Negative pledge clause.

SUMMARY: Swiss loan to the Verbundgesellschaft.

Excerpt from a letter from Mr. Umbricht on this question.

FORM NO. 209
(6-57)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

INCOMING MAIL ROUTING SLIP			Date June 13 1957		
	Mr. Beevor	1013		Office Services	203
	Mr. Black	1024		Mr. Perry	620
	Mr. Broches	1113		Personnel Div.	A521
	Mr. Cargill	500		Mr. Poore	A318
	Mr. Consolo	521		Mr. Reamy	A321
	Mr. Cope	403		Research Files	1124
	Mr. Demuth	421		Mr. Riley	1126
	Mr. Doucet	1009		Mr. Rist	A417
	E.D.I.			Mr. Rosen	500
	Mr. Garner	1013		Mr. Rucinski	620
	Mr. Goor	A413		Mr. Schmidt	521
	Mr. Hamilton	1103		Mr. Sommers	1003
	Howell	1107		Technical Op.	308
	Mr. Iliff	1003		Translation	1106
	Mr. Johnston	A318		Travel & Trans.	1109
	Mr. Knapp	1024		Mr. Woolley	1007
	Mr. Mendels	1009		Mr. Worthington	A316
	Office of Info.	221		~~Mr. Segerra~~	

Remarks:

Files 208

From: General Files & Correspondence Section

Correspondence files
Loan 148 AMA
Room 201

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

WIEN I, AM HOF 6
TEL.: U 29-6-60

7.1.1958.

W.

Mr.
Michael L. Lejeune,
Assistant Director of Operations
Europe, Africa and Australasia,
International Bank for Reconstruction and Development,
1818 H Street, N.W.
Washington 25, D.C.

Dear Mr. Lejeune,-

I beg to acknowledge receipt of your kind letter dated December 27, and now I am looking forward to the results of Mr. Knapp's conversations with our authorities concerned. I further hope that Mr. Knapp will wish to get some information also from us during his stay in Vienna.

I think that this matter, unpleasant as it may be, should not be dramatized at all. On the contrary, I am quite sure that, eventually, all will be settled properly and reasonably.

All I shall be able to contribute to such an end shall be done of course.

With my best regards, I remain,

yours sincerely,

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

JAN 13 12 49 PM 1958

Austria - Ln 148

FORM NO. 26
(1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: JANUARY 3, 1957 1501

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: VIENNA

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

TEXT:

Negative Pledge

ATTENTION LEJEUNE.

DR. STAHL BEING ABROAD WILL ANSWER YOUR LETTERS DECEMBER 20 AND 27

WITHIN FEW DAYS

VERBUNDNETZ

DUPLICATE

Original in Negative Pledge.

INTERNATIONAL BANK FOR
RECONST AND DEVEL.

JAN 3 10 21 AM 1957

December 27, 1957

Dear Dr. Stahl:

In Mr. Cope's absence I am writing to thank you for your letter of December 9 concerning the power rate increase granted to Verbundgesellschaft as of May 1, 1957. We were surprised to learn that, notwithstanding the official approval of the rate increase, the Verbundgesellschaft has not received the benefit of the rise in rates.

As you know the rate increase was a condition upon which the Bank agreed to make the last two loans of September 1956 to the Verbundgesellschaft. We are naturally therefore most concerned that this question has still not been cleared up, and Mr. Knapp will wish to discuss the matter with the appropriate authorities during his visit to Vienna in early January.

Yours sincerely,

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

Dr. Rudolf Stahl
Generaldirektor
Verbundgesellschaft
Am Hof 6
Vienna 1, Austria

cc: Mr. A. Spottswood
Mr. D. Fontein

JHCollier:mln

December 19, 1957

Dear Dr. Teufenstein:

Dec 9/57

We have just received a letter from Dr. Stahl explaining the situation with regard to the recent increase in power rates accorded to the Verbundgesellschaft. Dr. Stahl says that when the increase became effective on May 1 of this year many of the Verbundgesellschaft's consumers, particularly the Landesgesellschaften, refused to pay the increased rates. According to Dr. Stahl, there is no way in which the Verbundgesellschaft could force the companies to pay the higher rates since it has an obligation to supply them with power and would have to take legal action against them. Dr. Stahl says that the Landesgesellschaften have themselves applied for a rate increase and he hopes that these applications will be approved by the Ministry of Transport and Power early in 1958. After that, the Verbundgesellschaft would hope to come to an agreement with the companies about the payment of the amounts outstanding.

We had naturally assumed that once the Verbundgesellschaft's rate increase had been approved by the Government, it would obtain the benefit of the higher rates. As you know the rate increase was a condition upon which the Bank agreed to make the last two loans of September 1956 to the Verbundgesellschaft. We are naturally therefore most concerned that this question has still not been cleared up and Mr. Knapp will wish to discuss the matter in Vienna.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Dr. W. Teufenstein
Ministry of Finance
Himmelpfortgasse
Vienna, Austria

JHCollier/lmj

FORM No. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. J. Burke Knapp

DATE: December 19, 1957

FROM: S. R. Cope

SUBJECT: Power Rate Increase in Austria

Dec. 9/57

We have just received a letter (translation attached) from Dr. Stahl, General Director of the Verbundgesellschaft concerning the recent increase in power rates. He says, in short, that although the rate increase was approved by the Government, the Verbundgesellschaft has nevertheless not been paid the higher rates by its principal customers.

You will remember that the Bank made this rate increase a precondition of the two loans to the V.G. which were signed in September 1956. Even then there was some difficulty because, although the Government approved the rate increase, it postponed its "effective date" from September 1956 to May 1957.

I think we should take a serious view of this matter and I would propose to send the attached letter to Dr. Teufenstein voicing our concern.

Attachment

Mr. Collier
Room 425

Dr. Rudolf Stahl
General Manager of
the Austrian Power Corporation

Vienna, December 9, 1957

Mr. S. R. Cope,
I. B. R. D.
1818 H St. N. W.
Washington, D. C.

Dear Mr. Cope:

A few days ago the Power Corporation sent to the World Bank the report for the third quarter of 1957, according to the agreements made. In this report, the figures on the financing in 1957 were given as of the latest position.

We had at the time assumed an amount of S 58.2 million profit to cover investment requirements and, in consideration of the fact that our rate increase became effective only on May 1, 1957 instead of in 1956, reduced the figure to S 32.5 million. Actually, we report to the World Bank in the aforementioned report as of September 30, 1957 a profit of only S 2.8 million, and I feel it is my duty to inform you of the following:

In consideration of the rate increase granted us as of May 1, 1957, our profit at present is actually about 60 million schillings higher than stated. This 60 million schillings, however, is in arrears on the books. A majority of our subscribers refuse to pay the additional amounts due us as a result of the officially granted rate increase. This is principally true of the provincial companies which have also filed an application for rate increase which has not yet been granted. We see no feasible means of obtaining payment of these amounts, since, on the one hand, we have an obligation to supply the companies mentioned, and, on the other hand, we would have to bring suit against nearly all of our subscribers. The rate applications of these provincial companies are at present - as is our own new rate application - before the Federal Ministry for Communications and Electricity, and we expect them to be taken up and decided on early in 1958. At that time we also hope to come to an agreement on the payment of the amounts outstanding with the companies which have to date made only partial payment on our deliveries of current.

Until then we have available for the financing of our investments only the amounts stated in our report to the World Bank.

Please, Mr. Cope, take note of the foregoing information and I shall take the liberty of informing you of further developments on this matter.

Sincerely yours,

s/ illegible

TRANSLATION SECTION
Translated From: German 12/13/57 By: G. A.:mh

Mr. Collier
Room 425

Dr. Rudolf Stahl
General Manager of
the Austrian Power Corporation

Vienna, December 9, 1957

Mr. S. R. Cope,
I. B. R. D.
1818 H St. N. W.
Washington, D. C.

Dear Mr. Cope:

A few days ago the Power Corporation sent to the World Bank the report for the third quarter of 1957, according to the agreements made. In this report, the figures on the financing in 1957 were given as of the latest position.

We had at the time assumed an amount of S 58.2 million profit to cover investment requirements and, in consideration of the fact that our rate increase became effective only on May 1, 1957 instead of in 1956, reduced the figure to S 32.5 million. Actually, we report to the World Bank in the aforementioned report as of September 30, 1957 a profit of only S 2.8 million, and I feel it is my duty to inform you of the following:

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Until then we have available for the financing of our investments only the amounts stated in our report to the World Bank.

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Sincerely yours,

s/ illegible

TRANSLATION SECTION
Translated From: German 12/13/57 By: G. A.:mh

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)
W.

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

WIEN I, 9.12.1957.

TRANSLATED
DEC 13 1957
I.B.R.D.

Mr. S.R. C o p e ,
International Bank for
Reconstruction and Development,
1818 H Street, N.W.
Washington 25, D.C.

Sehr geehrter Mr. Cope !

Vor wenigen Tagen hat die Verbundgesellschaft an die Weltbank den Bericht über das 3. Quartal 1957, gemäß den getroffenen Vereinbarungen, übermittelt. Im Rahmen dieses Berichtes werden die Zahlen der Finanzierung im Jahre 1957 nach dem letzten Stand bekanntgegeben.

Zur Deckung des Investitionserfordernisses hatten wir seinerzeit einen Betrag von S 58,2 Mio als Gewinn 1957 angenommen und unter Berücksichtigung des Umstandes, daß unsere Tariferhöhung statt bereits 1956 erst mit 1.5.1957 wirksam wurde, auf S 32,5 Mio reduziert. Tatsächlich melden wir der Weltbank in dem eingangs erwähnten Bericht per 3o.9.1957 nur einen Gewinn von S 2,8 Mio und ich fühle mich verpflichtet, Ihnen hiezu folgendes mitzuteilen:

Unter Berücksichtigung der uns ab 1.5.1957 genehmigten Tariferhöhung ist unser Gewinn z.Zt. tatsächlich um etwa 6o Mio S höher als angegeben. Nur sind diese 6o Mio S bilanzmässig rückgestellt. Ein Großteil unserer Abnehmer weigert sich nämlich, die aus der behördlich genehmigten Tariferhöhung resultierenden, uns zustehenden zusätzlichen Vergütungen zu bezahlen. Es handelt sich hiebei vor allem um die Landesgesellschaften (provincial companies), die ebenfalls einen Antrag auf Tariferhöhung eingebracht, bisher aber nicht genehmigt erhielten. Wir

b.w.

sehen zunächst kein wirksames Mittel, die Hereinbringung dieser Beträge zu erreichen, da wir auf der einen Seite eine Verpflichtung zur Lieferung an die genannten Gesellschaften haben, auf der anderen Seite fast unsere gesamten Abnehmer gerichtlich belangen müssten. Die Tarifanträge dieser Landesgesellschaften liegen zur Zeit - ebenso wie unser eigener neuer Tarifantrag - im Bundesministerium für Verkehr und Elektrizitätswirtschaft und wir rechnen damit, daß sie zu Beginn des Jahres 1958 zur Verhandlung und Erledigung kommen. Zu diesem Zeitpunkt hoffen wir auch mit den Gesellschaften, die bislang die aus unseren Stromlieferungen resultierenden Zahlungen nur zum Teil geleistet haben, zu einer Vereinbarung über die Abstattung der ausstehenden Beträge zu gelangen.

Bis dahin allerdings stehen uns nur die in unserem Bericht an die Weltbank angeführten Summen zur Finanzierung unserer Investitionen zur Verfügung.

Ich bitte Sie, sehr geehrter Mr. Cope, meine vorstehenden Ausführungen zur Kenntnis zu nehmen und ich werde mir gestatten, Sie über die weitere Entwicklung dieser Sache zu orientieren.

Ich verbleibe mit besten Grüssen

Ihr ergebener

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

DEC 13 9 20 AM 1957

FORM NO. 209
(6-57)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

.....

INTERNATIONAL FINANCE CORPORATION

INCOMING MAIL ROUTING SLIP			Date SEP 29 1961		
	Mr. Beevor	1013		Office Services	203
	Mr. Black	1024		Mr. Perry	620
	Mr. Broches	1113		Personnel Div.	A521
	Mr. Cargill	500		Mr. Poore	A318
	Mr. Consolo	521		Mr. Reamy	A321
	Mr. Cope	403		Research Files	1124
	Mr. Demuth	421		Mr. Riley	1126
	Mr. Doucet	1009		Mr. Rist	A417
	E.D.I.			Mr. Rosen	500
	Garner	1013		Mr. Rucinski	620
	Mr. Goor	A413		Mr. Schmidt	521
	Mr. Hamilton	1103		Mr. Sommers	1003
	Mr. Howell	1107		Technical Op.	308
✓	Mr. Iliff	1003		Translation	1106
	Mr. Johnston	A318		Travel & Trans.	1109
	Mr. Knapp	1024		Mr. Woolley	1007
	Mr. Mendels	1009		Mr. Worthington	A316
	Office of Info.	221			

Remarks:

Mr. Iliff

From: General Files & Correspondence Section

TELEPHONE: EXECUTIVE 3-3677 CABLE ADDRESS: OPPIE

LAW OFFICE
FRANZ M. OPPENHEIMER
1828 JEFFERSON PLACE, N. W.
WASHINGTON 6, D. C.

September 23, 1957

W. A. B. Iliff, Esquire
Vice President
International Bank for
Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.

Dear Mr. Iliff,

I finally received an answer from Dr. Stahl to our inquiry of last month about their relations with Glore Forgan.

The relevant passages of Dr. Stahl's somewhat sibylline reply read, translated into English, as follows:

> "What you write about Glore Forgan's idea corresponds only partially with my impressions. You probably received somewhat one-sided information. Whether Glore Forgan's position is right only the future can tell, if the matter is tried. Whether it can be tried I do not know today. But I shall keep you informed about developments, and in a few weeks I will be able to be more precise in my letter."

With best regards,

yours as ever,

Franz Oppenheimer

Franz M. Oppenheimer

SEP 24 1957

Austria - Ln 148

September 10, 1957

Dear Dr. Stahl:

Thank you for your letter of August 26 concerning disbursements for purchases in Germany under Loan 148. The Bank is prepared to accept withdrawal applications for payments to be made in advance so as to enable borrowers to make payments on contracts when they are required; however, this procedure is not intended to be used to enable payments to be made six months or a year in advance of the times at which they would normally be made. Consequently, I do not think the Bank would be prepared to depart from its usual procedures for the reason which you have suggested.

Although I can well understand your concern over this problem, you will appreciate that the Bank, as an international institution, must consider the interests of all its members in matters of this kind.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Dr. R. Stahl
Generaldirektor
Verbundgesellschaft
Am Hof 6
Vienna, Austria

JHCollier:fgs

cc: Mr. D. J. Fontein
Mr. N. G. Jones

St G brae File ADS

Austria

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

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

26.August 1957

Mr.

A.D. S p o t t s w o o d,
International Bank for
Reconstruction and Development,

1818 H Street N.W.

W a s h i n g t o n 25, D.C.

USA

Lieber Mr.Spottswood!

Ich übermittle Ihnen laut beiliegendem Briefdurchschlag unser Schreiben an Mr.Cope und bitte Sie, die Angelegenheit im Auge zu behalten.

Ansonsten hoffe ich, daß Sie schon einen schönen Urlaub verbracht haben und verbleibe

mit besten Grüßen

1 Beilage

Ihr ergebener

26.8.1957.

U.

Mr.
S.R. C o p e ,
Director of Operations Europe,
Africa and Australasia,
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washingtom 25, D.C.

Sehr geehrter Mr.Cope !

Sie sind sicher im Bilde über die zur Zeit - vor allen Dingen in der deutschen Öffentlichkeit - stattfindendem Diskussion über das Problem einer DM-Aufwertung. Wenn ich mir auch nicht gut vorstellen kann, daß es zu einer Realisierung dieser Idee kommen wird, so möchte ich Ihnen doch vorbeugend folgendes mitteilen :

Die Österreichische Draukraftwerke A.G. hat im Rahmen der von der Weltbank finanzierten Projekte (im besonderen für die Erweiterung des Dampfkraftwerkes St.Andrä) verhältnismässig umfangreiche Importe in DM durchzuführen. Die derzeit offenen Verpflichtungen hiefür betragen rund DM 6,5 Mio und es wäre nun möglich, falls eine Aufwertung erfolgt, daß die Österreichische Draukraftwerke A.G. einen wesentlich höheren Schilling-Gegenwert für die Bezahlung dieser DM-Verpflichtungen wird aufwenden müssen, als sich aus der augenblicklichen Kursrelation ergibt.

Wir haben nun daran gedacht, ob es vielleicht möglich ist,daß die Weltbank im Rahmen des bestehenden Kredites einen Betrag frei gibt, der - obwohl der entsprechende Aufwand noch nicht getätigt wurde - zur vorzeitigen Bezahlung dieser DM-Verbindlichkeiten verwendet werden kann. Auf diese Art und Weise könnte eine zusätzliche finanzielle Belastung vermieden werden.

./.

Meine obige Anfrage hat zunächst nur informativen Charakter, weil wir im konkreten Fall selbstverständlich ein offizielles Ansuchen an Sie stellen müßten, vor dessen Einbringung ich aber Ihre persönliche Reaktion auf dieses Schreiben erhoffe.

Mit besten Grüssen verbleibe ich,

Ihr ergebener

gez. Stahl

FORM NO. 75
(3-52)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP	Date

NAME	ROOM NO.
Mrs Cope.	
~~Collier~~	
Miss Brownley.	208

	Action		Note and File
✓	Approval		Note and Return
	Comment		Prepare Reply
	Full Report		Previous Papers
	Information		Recommendation
	Initial		Signature

Remarks

~~Cleared with Norman Jones.~~

~~[illegible]~~

Here it is.

[illegible]

From

[illegible]

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

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

26.8.1957.

U.

Mr.
S.R. C o p e ,
Director of Operations Europe,
Africa and Australasia,
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington 25, D.C.

Sehr geehrter Mr.Cope !

Sie sind sicher im Bilde über die zur Zeit - vor allen Dingen in der deutschen Öffentlichkeit - stattfindenden Diskussion über das Problem einer DM-Aufwertung. Wenn ich mir auch nicht gut vorstellen kann, daß es zu einer Realisierung dieser Idee kommen wird, so möchte ich Ihnen doch vorbeugend folgendes mitteilen :

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Wir haben nun daran gedacht, ob es vielleicht möglich ist,daß die Weltbank im Rahmen des bestehenden Kredites einen Betrag frei gibt, der - obwohl der entsprechende Aufwand noch nicht getätigt wurde - zur vorzeitigen Bezahlung dieser DM-Verbindlichkeiten verwendet werden kann. Auf diese Art und Weise könnte eine zusätzliche finanzielle Belastung vermieden werden.

./.

ad sept 10/57

Meine obige Anfrage hat zunächst nur informativen Charakter, weil wir im konkreten Fall selbstverständlich ein offizielles Ansuchen an Sie stellen müßten, vor dessen Einbringung ich aber Ihre persönliche Reaktion auf dieses Schreiben erhoffe.

Mit besten Grüssen verbleibe ich

Ihr ergebener

AUG 20 8 58 AM
RECEIVED
INTERNATIONAL BANK FOR RECONST. AND DEVELO

Pat
Please ack - ADS

ÖSTERREICHISCHE DONAUKRAFTWERKE
AKTIENGESELLSCHAFT

DIREKTION

WIEN, 31. 7. 1957
I., HOHENSTAUFENGASSE 6
TEL.: A 16-5-90

RECEIVED
INTERNATIONAL BANK FOR
RECONST AND DEVEL.

148 - 0
149 AUA

AUG 19 2 04 PM 1957

Mr.
A. D. S p o t s w o o d

International Bank for
Reconstruction and Development
W a s h i n g t o n 25 D.C.
1818 H Street, N.W.

Dear Mr. Spotswood !

I take the honor to send you, according to the order of director Mosbauer, who is now on a journey, some snap-shots taken during your visit of our building site Ybbs-Persenbeug last spring.

Yours sincerely

i.A. [signature]

(Secretary of Director Mosbauer)

ack. Aug. 21, 1957, Reg

149AU17

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: July 19, 1957

TO: Dr. Rudolf Stahl
Generaldirektor
Osterreichischen Elektrisitatswirtschafts - A.G.
Wien 1
Am Hof 6
Austria

FROM:

Neil Bass

FILED UNDER: Austria - 149 AUA - Administration

SUMMARY:

I was informed by Mr. Spottswood that, when he was in Vienna last May, the Berbundgesellschaft had pending an application for a second increase in its tariff rates. This increase, averaging about 8% of the 1956 rates, was said to be necessary to offset higher costs, mostly fuel costs, which had occurred since last year, when an increase in rates of about 20% was approved. In the absence of Mr. Spottswood, who is now on vacation, I shall be grateful if you could let me know whether any decision has already been taken by the Authorities concerned on V.G.'s latest application, and, if so, what kind of decision.

I shall also appreciate it if you could let me know any developments which have occurred since the date of Mr. Spottswood's visit in connection with V.G.'s efforts to raise funds in Switzerland.

V.G. had also pending a request for an ERP allocation totaling Sch. 250 million for the current year. Please let me know whether the ERP funds have now become available, and, if so, how much was actually allocated to V.G.

Cable July 23
(file 149 AU - Admin.)

Austria 148

Air Mail

July 16, 1957

Osterreichische Donaukraftwerke
Aktiengesellschaft
Hohensfaufengasse 6
Wien 1
Austria

Attention: Mr. Mosbauer

Gentlemen:

We have had an opportunity to review your progress report of March 31, 1957, and have the following comment. The report still lacks sufficient textual remarks to give a clear picture of overall progress. It will be helpful if the report could be written more in conformity with our letter of October 16, 1956, outlining the information which we would like to receive.

While your report of March 31 is an improvement over the previous reports, we believe that it would be clearer if the outline were more closely followed.

Yours sincerely,

A.D.S. x peg

A. D. Spottswood
Chief, Public Utilities Division
Department of Technical Operations

ADSpottswood:peg

Austria-Ln148

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: February 11, 1957

TO: Dr. R. Stahl, General-Director, Verbundgesellschaft, Am Hof 6, Vienna,

FROM: V. Umbricht

FILED UNDER: Austria - Negative Pledge Clause

SUMMARY: Acknowledging January 30th. letter (in German) concerning proposed credit from Chase Manhattan Bank. It will raise question of nagative pledge clause in Loan Agreement No. 148.

Austria 148+149

February 6, 1957

Dr. Rudolf Stahl
General Manager
Oesterreichische Elektrizitaetswirtschafts - A.G.
Am Hof 2
Vienna, Austria

Dear Dr. Stahl:

Progress Reporting
Loans Nos. 148-AUA and 149-AUA

Reference is made to our letter of October 16, 1956, with which we sent you outlines of the periodic progress reports and certain other information to be submitted by the Draukraftwerke and the Donaukraftwerke on the projects being financed with our loans Nos. 148 and 149-AUA. Up to now, according to our records, we do not appear to have received any of the reports in question. It would be appreciated, therefore, if you would be kind enough to let us know when we may look forward to receiving the first set of reports.

Sincerely yours,

Petrus A. Kanters
Public Utilities Division
Department of Technical Operations

PAKanters:mec

Austria Ln 149

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: January 9, 1957

TO: Mr. Cope

FROM: F.W. Sculthess, Swiss Credit Bank, Zurich.

FILED UNDER: Austria - Loan 149

SUMMARY: Acknowledging cable of January 8th. regarding two loans granted to Austria.

FORM NO. 26
(1.50)

Austria Ln 148

File

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: JANUARY 9, 1957 1144 AM

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: KLAGENFURT

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

TEXT:

DRAUKRAFT KLGFTBETRIFFT COLON IB 148 AUA,

UNSER KABEL VOM 24.12.1956.

TERMINSCHWIERIGKEITEN BEHOBEN, ERBITTEN KABELUEBERWEISUNG AN SIEMENS - SCHUCKERTWERKE A.G. ERLANGEN, DRINGENDST ZU VERANLASSEN. PAREN UNSER ABHEBUNGSANTRAG NR. 16 PAREN.

DRAUKRAFT KLAGENFURT

R. Wheelock will ask R. Hughes to pay at once

Jan 9 '57

ORIGINAL

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

JAN 9 12 19 PM 1957

Austria hm 148

FORM NO. 27
(11-53)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

DATE: JANUARY 8, 1957

TO: SCHULTHESS
CREDITION
ZURICH
SWITZERLAND

CLASS OF SERVICE DESIRED			
NIGHT LETTER	X	CODE	
FULL RATE		TELETYPE	

TEXT:

YOUR CABLE JANUARY 8 TO UMBRICHT TWO LOANS TO VERBUNDGESELLSCHAFT SIGNED SEPTEMBER 1956 ARE NOW BEING DISBURSED NO NEW LOANS TO VERBUNDGESELLSCHAFT ARE UNDER NEGOTIATION OR EVEN CONTEMPLATED

COPE

For Use by Archives Division
Checked for Dispatch
_____

AUTHORIZED BY:

NAME S. R. COPE
Director
DEPT. Department of Operations
E. A. A.

FILE COPY

Austria - hm 149

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
RECEIVED
JAN 8 5 07 PM 1957

Austria - fn 145

FORM NO. 26
(1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: JANUARY 8, 1957 1723

TO: UMBRICHT INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: ZURICH

ROUTING	
ACTION COPY TO	MR UMBRICHT
INFORMATION COPY TO	
Decoded By	

TEXT:

SWISS BANKS ASKED FOR SHORT TERM CREDIT AUSTRIAN VERBUNDGESELLSCHAFT TO BE REPAID PART PROCEEDS WORLDBANK LOAN. COULD YOU POSSIBLY CABLE SHORT INFORMATION WHETHER SIGNATURE YOUR LOAN CONTRACT VERBUNDGESELLSCHAFT IMMINENT. MANY THANKS REGARDS

CREDITION SCHULTHESS

DUPLICATE

√X Ln 149

FORM NO. 26
(1.50)

Mr. Wheelock Fm 148

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Mr. Umbricht advised Mr. Street of contents. MR 12/26/56

INCOMING WIRE

DATE OF WIRE: DECEMBER 24, 1956 1006

TO: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: KLAGENFURT

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

Files-208

TEXT:

BETRIFFT LB148 AUA BITTEN AUFTRAG UEBERWEISUNG SIEMENS SCHUCKERTWERKE AG ERLANGEN DMARKT 1530.475 INFOLGE TERMINVERS - CHIEBUNG VORLAEUFIG ZURUECKHALTEN WEITERE WEISUNGEN FOLGEN

DRAUKRAFT KLAGENFURT

ORIGINAL

Austria-fn148

December 11, 1956

Dear Dr. Walde:

Thank you for your letter of November 29, 1956. In checking on the question which you raise in that letter I find that the report in question was handed to the New York office of Glore, Forgan and Company early in October but that it has only recently been forwarded from New York to Mr. Jamieson for his personal attention. I am sorry for the delay which should not, however, be attributed to the International Bank.

Yours very truly,

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

Dr. Dr. Gernot R. Walde, Syndic
Renngasse 2
Vienna 1, Austria

SPWheelock/pnn

Copy in fn 149

Austria - Fn 145

December 11, 1956

Gentlemen:

In accordance with Dr. Stahl's request of November 27, 1956, we are enclosing herewith copies of the President's Report and Recommendations and the Technical Report on Loans 148 and 149 AUA.

Yours sincerely,

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

SPW.

Enclosures - 2

Osterreichische Donaukraftwerke
Aktiengesellschaft
Hohenstaufengasse 6
Vienna, Austria

SPWheelock/pnn

Copy in Austria - Fn 149

Austria - Ln 148

December 11, 1956

Gentlemen:

In accordance with Dr. Stahl's request of November 27, 1956, we are enclosing herewith copies of the President's Report and Recommendations and the Technical Report on Loans 148 and 149 AUA.

Yours sincerely,

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

Enclosures - 2

Osterreichische Draukraftwerke
Aktiengesellschaft
Baumbachplatz 2
Klagenfurt, Austria

SPWheelock/pnn

Copy in Austria - Ln 149

Austria - Ln 148

December 11, 1956

Dear Dr. Stahl:

In accordance with your request of November 27, 1956, we have today mailed copies of the President's Report and Recommendations and the Technical Report on Loans 148 and 149 AUA to the two borrowing companies, Osterreichische Donaukraftwerke Aktiengesellschaft and Osterreichische Draukraftwerke Aktiengesellschaft.

Yours sincerely,

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

Dr. Rudolf Stahl
Generaldirektor
Osterreichische Elektrizitatswirtschafts-A.G.
Am Hof 6
Vienna, Austria

SPWheelock/pnn

Copy in Austria - Ln 149

Austria Lm 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

RCA

CLASS OF SERVICE: FULL RATE

DATE: NOVEMBER 30, 1956

TO: DUFT
CLARIDENSTRASSE 20
ZURICH

COUNTRY (SWITZERLAND)

EXT:

Cable No.

Personal

THANKS YOUR TWO LETTERS NOVEMBER 23 AND 27 STOP HAVE SENT ADDITIONAL INFORMATION TO FINANCE DEPARTMENT AVAILABLE TO YOU GREETINGS

Signed: UMBRICHT

AUTHORIZED BY:
NAME: V. Umbricht
DEPT: Assistant Director of Operations
Europe, Africa and Australasia
SIGNATURE:
VUmbricht:ms

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

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

√x Lm 149

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

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

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

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

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

DISPATCHED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.
NOV 20 12 24 PM 1956
RECEIVED

Austria - Lm 148

Mr.	Wheelock
Room	413

Dr. Dr. Gernot R. WALDE, Syndic,
Renngasse 2,
Vienna 1, Austria

November 29, 1956

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

Dear Mr. Umbricht:

Director General Stahl was kind enough to acquaint me with your letter of October 8 in which you had mentioned that the World Bank Report had been made available to the Banking Firm Glore, Forgan & Co, attention Mr. J.P. Jamieson. Dr. Stahl thanked you for this in his letter of October 16. However, meanwhile we have received a letter from Glore, Forgan & Co that does not yet confirm receipt of the report. I respectfully request you therefore to inquire at your office whether the report has meanwhile already been sent to Glore, Forgan & Co.

Very truly yours,

/s/ (Illegible)

Phoned Martin Dec. 10. 56 [illegible]

Info. given to N.Y. Office to pass on to Jamieson

TRANSLATION SECTION	
Translated From: German 12.7.56	By: GA

Ack Dec. 11/56

Copy in Lm 149

FORM NO. 75
(3-52)

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP

Date 12/5/56

NAME	ROOM NO.
Mr Balaam	
S P. wheeler	413

	Action		Note and File
	Approval		Note and Return
	Comment		Prepare Reply
	Full Report		Previous Papers
	Information		Recommendation
	Initial		Signature

Remarks

Travel you
please thro -
late & return

From S P Wheeler

Syndikus Dr. Dr. Gernot R. WALDE
WIEN, I. RENNGASSE 2
TELEFON R 29 5 60

November 29, 1956

W. Walde

Mr. Victor Umbricht
Director of the
International Bank for Reconstruction
and Development

1818 H Street, N.W.
W a s h i n g t o n 25, D.C.

Sehr geehrter Herr Direktor Umbricht,

Generaldirektor Dr. Stahl war mitte Oktober so freundlich, mir Ihre Zeilen vom 8. Oktober zur Kenntnis zu bringen, in denen Sie erwähnt hatten, dass der World Bank-Report an das Bankhaus Glore, Forgan & Co., z.H. von Mr. J.P.Jamieson zur Verfügung gestellt worden sei. Herr Dr. Stahl hat Ihnen hierfür mit seinen Zeilen vom 16. Oktober gedankt, jedoch mittlerweile ist bei uns ein Brief des Bankhauses Glore, Forgan & Co. eingegangen, das den Empfang des Berichtes noch nicht bestätigt. Verargen Sie mir daher bitte nicht die höfliche Bitte, bei Ihrem Büro Nachfrage halten zu lassen, ob der Bericht an Glore, Forgan & Co. mittlerweile schon abgesandt worden ist.

Ich bitte Sie nochmals, meine wiederholte Nachfrage nicht zu verargen und verbleibe mit verbindlichen Empfehlungen

Ihr sehr ergebener

Walde

TRANSLATED
DEC - 7 1956
I.B.R.D.

adr Dec 11/56

Austria - Ln 148

Mr. Wheelock
Room 413

OSTERREICHISCHE ELEKTRIZITATSWIRTSCHAFT AG

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

Vienna, November 27, 1956.

Our No.: Rev/Dr.Hs.I/Es

Subject: World Bank Loans IB 148 and 149 AUA

In connection with the granting of World Bank Loan IB 102 AUA for the Reisseck-Kreuzeck project, you were kind enough to forward copies of the so-called "President's Report and Recommendations on a Proposed Loan to the Osterreichische Elektrizitätswirtschafts AG and Osterreichische Draukraftwerke AG" and of the "Technical Report", along with other enclosures, to the two borrowing companies i.e. the Osterreichische Draukraftwerke AG and the Electric Power Corporation.

We now request you to send similar copies to the borrowing companies for the two new credits IB 148 and 149 AUA, since we are very much interested in these on account of their importance.

We hope you can comply with this wish.

Very truly yours,

Osterreichische Elektrizitätswirtschafts AG

/s/ (Illegible)

Mr St.

Dr. R. STAHL
General-Direktor
Verbundgesellschaft
Am Hof 6
Vienna Austria

TRANSLATION SECTION

Translated From: German 12.7.56 By: GA.

Copy in Ln 149
acr Dec 11/56

Österreichische Elektrizitätswirtschafts-Aktiengesellschaft

(Verbundgesellschaft)

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

An die

International Bank for
Reconstruction and Development

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

Ihre Zeichen | Ihre Nachricht vom | Unser Zeichen | Wien 1, Am Hof 6

Rev/Dr.Hs.I/Es 27.November 1956

Betreff Weltbankkredit IB 148 und 149 AUA.

Anläßlich der Einräumung des Weltbankkredites IB 102 AUA für das Vorhaben Reißeck-Kreuzeck hatten Sie die Liebenswürdigkeit, an die beiden kreditnehmenden Gesellschaften, das sind die Österreichische Draukraftwerke AG. und die Verbundgesellschaft, einige Exemplare des sogenannten "President's Report and Recommandations on a Proposed Loan to The Österreichische Elektrizitätswirtschafts-AG. and Österreichische Draukraftwerke AG." sowie des "Technical Report", gemeinsam mit anderen Beilagen zu übersenden.

Wir erlauben uns nunmehr mit der Bitte an Sie heranzutreten, auch für die beiden neuen Kredite IB 148 und 149 AUA den kreditnehmenden Gesellschaften derartige Unterlagen zukommen zu lassen, da wir an diesen auf Grund ihrer Wichtigkeit sehr interessiert sind.

Wir hoffen, daß Sie diesem Wunsche entsprechen können und zeichnen mit vorzüglicher

Hochachtung

Österreichische
Elektrizitätswirtschafts-
Aktiengesellschaft

TRANSLATED
DEC - 7 1956
I.B.R.D.

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

Telegrammadresse: Verbundnetz | Telephon: U 29-6-60 Serie | Fernschreiber: Wien 1904 | Bankkonto: Creditanstalt-Bankverein, Wien I, Schottengasse 6–8; Österreichische Länderbank Aktiengesellschaft, Wien I, Am Hof 2; Postsparkassenkonto: 18463

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.
DEC 3 10 17 AM 1956

Austria - Ln 148

Files

November 26, 1956

F. M. Oppenheimer

Austrian Power Loans - Conditions of Effectiveness

I have just received from Dr. Wagner, our Austrian counsel, the Austrian official gazette dated November 16, 1956 containing the text of the two Guarantee Agreements and the ratification signatures. The ratification is dated October 3, 1956 and the ratification document itself states that the two Agreements became effective on October 3, 1956.

Note that no copy has yet been received from the Austrian Government directly.

FMOppenheimer:vv

cc: Mr. Broches
Mr. Umbricht, Mr. Collier
Mr. Street, Mr. Jones

X Ln 149

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

CLASS OF SERVICE: LETTER TELEGRAM

DATE: NOVEMBER ~~25~~ 26, 1956

TO: FINANZVERWALTUNG
BERNE

2 cA

COUNTRY (SWITZERLAND)

EXT:

Cable No.

V

THANKS YOUR TWO CABLES NOVEMBER 24 STOP BANK VERY APPRECIATIVE OF ACTION PROPOSED BY FEDERAL COUNCIL STOP LAST ANNUAL REPORTS AND FRENCH SUMMARIES THEREOF WILL BE SENT YOU IMMEDIATELY FROM BANKS PARIS OFFICE STOP AM WRITING YOU TODAY WITHOUT AWAITING ARRIVAL YOUR LETTER NOVEMBER 23 personal

Signed: UMBRICHT

AUTHORIZED BY:

NAME: V. Umbricht

DEPT: Assistant Director of Operations
Europe, Africa and Australasia

SIGNATURE:

VUmbricht:ms

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

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

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

4. Signature

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

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Austria

FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: NOVEMBER 24, 1956 1116

TO: UMBRICHT INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: BERN

ROUTING	
ACTION COPY TO	MR UMBRICHT ✓
INFORMATION COPY TO	
Decoded By	

TEXT:

PARLAMENTARISCHE BEHANDLUNG WELTBANKDARLEHEN VORAUSSICHTLICH IM DEZEMBER. ERBITTEN UMGEHEND MATERIAL GEMAESS BRIEF VOM 23 NOVEMBER VORDRINGLICH 30 FRANZOESISCHE JAHRESBERICHTE. KOMMISSIONSSITZUNG BEREITS 1. DEZEMBER

FINANZVERWALTUNG

ORIGINAL

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.
NOV 26 10 21 AM 1956

Austria-

FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: NOVEMBER 24, 1956 1116

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: BERN

ROUTING
ACTION COPY TO MR UMBRICHT
INFORMATION COPY TO
Decoded By

TEXT:

SUR PROPOSITION CONSEIL FEDERAL CONFERENCE DES PRESIDENTS DES CHAMBRES DECIDA INSCRIRE A L ORDRE DU JOUR DE SESSION DECEMBRE DES DEUX CHANBRES QUESTION PRET A INTBAFRAD. LETTRE SUIT

DEPARTEMENT FINANCE

ORIGINAL

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

NOV 26 10 21 AM 1956

Austria - Ln 148

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: November 19, 1956

TO: IBRD

FROM: Dr. Krebs, Osterreichische Draukraftwerke, Klagenfurt, Austria.

FILED UNDER: Austria - Loan 102

SUMMARY: Regarding progress report on Loan 148 & Loan 102.

Rechtsanwalt
Dr. Ernst Wagner
Wien, I., Kärntnerring 10
Telefon U 46-5-10 Serie

13. November 1956

Dr. W/k

Titl.

International Bank for
Reconstruction and Development
z.Hd.d. Herrn Dr. Victor U m b r i c h t
c/o Hotel Sacher

W i e n , I.,

Philharmonikergasse 4

Sehr geehrter Herr Doktor Umbricht!

Als Hauptursache für die entstandenen Schwierigkeiten konnten wir anlässlich der gestrigen Sitzung im Bundesministerium für Finanzen und im Zuge des darüber noch am gestrigen Abend geführten Telefongespräches feststellen, dass das Bundeskanzleramt - Auswärtige Angelegenheiten nach erfolgter Ratifizierung des Garantievertrages die Ratifikationsurkunde in aller Stille beim Haus-, Hof- und Staatsarchiv hinterlegt hat, ohne die Bank von diesem Vorgang zu unterrichten.

Auch der Inhalt der Ratifikationsurkunde blieb der Bank unbekannt, sodass die Bank auch nicht beurteilen konnte, ob die Ratifikation vorbehaltlos erfolgt war.

Mit Recht hat daher die Bank Dispositionen über Guthaben auf Anleihekonto sistiert und ist darauf bestanden, erst die Publikation im Bundesgesetzblatt abzuwarten, da dort der Tag des Inkrafttretens des Vertrages (im gegenständlichen Fall 3.1o.1956) festgehalten sein muss.

Die Berechtigung zu dieser Haltung der Bank ergibt sich insbesonders auch noch daraus, dass in einem Rechtsstreit zur Geltendmachung der Haftung der Republik Österreich das Haus-, Hof- und Staatsarchiv nicht gezwungen werden könnte, das Original der Ratifikationsurkunde vorzuweisen. Hat also die Bank eine Abschrift der

Ratifikationsurkunde nicht in Händen, und ist der Vertrag im Bundesgesetzblatt noch nicht publiziert, dann ist die Bank rechtlich ausserstande, die vorbehaltlos erfolgte Ratifikation urkundlich nachzuweisen.

Im Hinblick auf diese Vorgänge und Überlegungen möchte ich mir erlauben zu empfehlen, dass in Hinkunft vereinbart wird, entweder

1. die Weltbank unverzüglich nach erfolgter Ratifikation durch Vorlage einer beglaubigten Abschrift der Ratifikationsurkunde zu verständigen, oder

2. unverzüglich die Ratifikationsurkunde beim Sekretariat der Vereinten Nationen zu hinterlegen.

Mit den besten Empfehlungen verbleibe ich

Ihr stets ergebener

1 Briefdurchschlag
durch Boten

Austria - Fn 148

Files

November 13, 1956

F. M. Oppenheimer

Loans 148 and 149 AUA - Effective Date

Dr. Teufenstein of the Austrian Ministry of Finance called me yesterday from Vienna. The connection was bad and I could understand him only intermittently. However, I understood him to say that (1) the publication of the ratification document for the two Austrian Guarantee Agreements would specify October 3, 1956 as the effective date of the Guarantee Agreements and (2) that publication would take place on November 16. I requested him to confirm this information by cable and a cable to that effect from him was received this morning. Accordingly, I have informed Mr. Jones of the Treasurer's Department that there is no further need to hold up disbursements under the two loans in question.

cc: Mr. Broches
Mr. Collier
Mr. Jones

√x Austria - Fn 149

Austria - fn 148

FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: NOVEMBER 12, 1956 1810

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR OPPENHEIMER
INFORMATION COPY TO	
Decoded By	

TEXT:

ATTENTION OPPENHEIMER 159.743-15B/56

TREATY WAS RATIFIED UNCONDITIONALLY ON OCTOBER 3 AND THEREFORE EFFECTIVE ON THE SAME DATE. SHALL SEND YOU IMMEDIATELY COPY OF INSTRUMENT OF RATIFICATION. PUBLICATION ON THE NOVEMBER 16 WILL CONFIRM EFFECTIVENESS OF ~~A~~ AS OF OCTOBER 3.

TEUFENSTEIN

DUPLICATE

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

NOV 13 9 36 AM 1956

Austria - Ln 148

FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: NOVEMBER 10, 1956 1645

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR OPPENHEIMER
INFORMATION COPY TO	
Decoded By	

TEXT:

FOR OPPENHEIMER PUBLICATION EXPECTED NOVEMBER 20. ACCORDING TO MINISTRIES AND WAGNER GUARANTEE AGREEMENT IS ABSOLUTELY FINAL AND BINDING IRRESPECTIVE OF PUBLICATION. PUBLICATION SERVES ONLY TO INFORM PUBLIC BUT HAS NO BEARING OF EFFECTIVENESS. MEMORANDUM WAGNER FOLLOWS AIRMAIL

UMBRICHT

DUPLICATE

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.
NOV 13 9 55 AM 1956

Austria - fm 148

November 8, 1956

Mr. Victor Umbricht
Hotel Sacher
Vienna, Austria

Dear Victor,

Thank you for your postcard of November 4. With regard to publication in the Bundesgesetzblatt, Teufenstein is only partly right. The Lünersee loan became effective November 9, 1955 and the parliamentary ratification was published on October 6, 1955. It is true that in the case of Reisseck-Kreuzeck, publication followed afterwards, but in that case we had obtained drafts of the ratification law as early as September 1954. In the present case we have never been given a draft of the ratification law despite our persistent and repeated prodding. Moreover, the ratification procedures for the present loans were, as you know, completely novel, so that the question of publication takes on greater significance.

It is true that Article 49 of the Austrian Constitution under which publication in the Bundesgesetzblatt is required as a condition for legal effectiveness, also contains an exception for the case that treaties specifically provide for an earlier effective date. It may be that the present ratification law contains such a provision and I certainly hope so. I say I hope so, for if not Teufenstein and Loebenstein's legal opinion, as well as the notification from the Austrian Government, was improperly given.

I hope you have made clear to Teufenstein our shock and surprise about the sloppy way this whole business has been conducted.

It must be extremely interesting, though sad, to be in Vienna at this moment. Everybody here is sad too, although I cannot see why anyone should have been surprised at the Soviets' being true to form.

[paragraph containing personal information]

;

I am sorry I am not with you. Please give everybody I know my regards.

As ever,

Franz M. Oppenheimer

FMOppenheimer:vv

Austria - Ln 48

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Memorandum

DATED: November 1, 1956

TO: -

FROM: J.H. Collier

FILED UNDER: Austria - General Negotiations

SUMMARY: Austria - Bank operations in Austria.

Loans made

Lending prospects

Economic situations

Political situation

Austria Ln 148

Files

October 25, 1956

F. M. Oppenheimer

Austria - Loans 148 AUA and 149 AUA

This morning I spoke on the telephone to Mr. Hueckel of the Austrian Ministry of Finance in Dr. Teufenstein's absence to inquire about the status of the publication in the Bundesgesetzblatt of the Nationalrat's decision ratifying the Austrian Guarantee Agreements. Mr. Hueckel told me that publication was being prepared and should take place within ten days at the most. He promised to cable me at once upon publication.

cc: Mr. Broches
Mr. Umbricht

FMOppenheimer:vv

X Austria Ln 149

Austria - Ln 148

FILE COPY

Mr. L. Perez

October 24, 1956

Walter C. P. Rutland

Loans 148 and 149 AUA - Interest Categories

I have ascertained that the lists of categories for the above loans contain the following provisions:

Loan 148 AUA	Category No. "C"
Interest, commitment and other charges on the loan	$ 450,000
Loan 149 AUA	**Category No. III**
Interest and Other Charges	$ 1,000,000

I have discussed with Mr. Collier, of Area Department, the omission of the word "Commitment" in the category title of loan 149 AUA. He advises me that it was certainly the Bank's intention to capitalize interest, commitment and other charges on both loans and you are therefore requested to act accordingly on subsequent payment dates. A copy of this letter is being forwarded to Area Department as a reminder in case they deem it necessary to amend the category title of loan 149 AUA.

cc. Mr. Cavanaugh
Mr. Deely
Mr. Collier - Area Dept.
Mrs. Winters
Mr. Rutland (2)

WCPRutland/fr.

Copy in Austria Ln 149

I n f o r m a t i o n

in Angelegenheit Veröffentlichung der Garantieabkommen Ybbs-Persenbeug- und Voitsberg-St.Andrä-Projekt im Bundesgesetzblatt.

Mit Radiogramm vom 23.10.d.J. hat Dr. Oppenheimer um Kabelnachricht des Datums und der Nummer sowie der Namen der Unterzeichneten des BGBl., in dem die beiden gegenständlichen Vertragswerke veröffentlicht wurden, ersucht. Eine fernmündliche Rücksprache vom 24.10.d.J. des Gefertigten mit dem zuständigen Sachbearbeiter im BKA-AA, Abt. VR, Dr. Liedermann, hat ergeben, daß die gegenständliche Verlautbarung im BGBl. noch nicht erfolgt ist, daß aber sämtliche diesbezügliche Veranlassungen bereits getroffen worden seien. Die Angelegenheit, die do. dringlich behandelt worden sei, werde von dort aus laufend urgiert, und das ho. Amt werde im Falle der erfolgten Verlautbarung auf fernmündlichem Wege unverzüglich verständigt werden. Als Frist, innerhalb der mit der Veröffentlichung gerechnet werden könnte, wurden ungefähr 10 Tage genannt. Im Sinne dieser Auskünfte wurde Dr. Oppenheimer bei seinem fernmündlichen Anruf aus Washington am 25.10.d.J. von dem Gefertigten informiert (ha.Zl.153.164-15B/56).

Auf Grund des neuerlichen Radiogramms Dr. Oppenheimers vom 8.d.M., in dem auf Grund dieser fernmündlichen Zusage des BMF die Veröffentlichung urgiert wird, wurde wieder mit dem BKA fernmündlich Fühlung aufgenommen. Dabei wurde in Erfahrung gebracht, daß sich der gegenständliche Akt derzeit bereits bei der Abt. 2b, mithin bei jener Abteilung, die letztlich mit dem Kundmachungswesen befaßt ist, befindet. Wie ein Funktionär dieser Abt. dem Gefertigten mitgeteilt hat, ist mit der Veröffentlichung ungefähr um den 20.d.M. zu rechnen.

Über diese Sachverhaltsdarstellung hinaus muß - ~~unbeschadet, ob dies zu Recht oder zu Unrecht geschehen ist~~ - bemerkt werden, daß in den beiden vorangegangenen Kredittransaktionen Österreichs mit der Weltbank von dieser die gegenständlichen Mitteilungen, betreffend die Verlautbarung der Garantieabkommen im BGBl., nicht verlangt wurden. In dem eingangs der Information erwähnten Radiogramm vom 24.10.d.J. wurde dies das erstemal verlangt. Irgendwelche diesbezügliche Zusagen sind daher auch von keinem Funktionär des BMF gegeben worden, mit Ausnahme der Nennung der 10tägigen Frist

./.

Im Falle Rossek wurde die Verlautbarung erst Monate nach Effektivwerden durchgesetzt.

in dem erwähnten Ferngespräch des Gefertigten mit Dr. Oppenheimer. Diese Zusage erfolgte aber unverbindlich, eben auf Grund der Information der für die Veröffentlichung zuständigen Behörde.

Der Herr Bundesminister für Finanzen hat zwar die Erklärung gemäß Artikel 9, Abs. 901, lit. b) abgegeben. Diese Bestimmung lautet:

> "the Guarantor has notified the Bank that (i) the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action, and (ii) all other events relating to the Guarantor and specified in the Loan Agreement as conditions to its effectiveness have occured;

Nach ho. Auffassung war das BMF. berechtigt, diese Erklärung vor der Veröffentlichung im Bundesgesetzblatt abzugeben, weil hiedurch nur erklärt wird, daß der Abschluß und die Ausfertigung des Garantieabkommens unter Bedachtnahme auf die im Sinne der Rechtslage notwendigen Ermächtigungen und vorgesehenen Ratifikationsformalitäten durchgeführt worden ist. Die Erklärung enthält nicht gleichzeitig einen Hinweis darauf, daß das Garantieabkommen im Sinne der Bundesverfassung bereits in Wirksamkeit ist.

!

8. November 1956

Hrichel

Austria - Rm 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 23, 1956

TO: DR. WILHELM TEUFENSTEIN
MINISTRY OF FINANCE
VIENNA

TLGT.

COUNTRY (AUSTRIA)

TEXT:

Cable No.

RECEIVED LEGAL OPINION AND NOTIFICATION BUT NOT RELEVANT COPY OF BUNDESGESETZBLATT STOP IN VIEW ARTICLE FORTYNINE AUSTRIAN CONSTITUTION PLEASE CONFIRM BY CABLE THAT APPROVAL OF GUARANTEE AGREEMENTS BY NATIONALRAT HAS BEEN PUBLISHED IN BUNDESGESETZBLATT GIVING DATE AND NUMBER OF SUCH PUBLICATION AS WELL AS NAMES APPEARING AS SIGNERS THEREIN STOP PLEASE AIRMAIL COPY OF BUNDESGESETZBLATT SOONEST STOP REGARDS

OPPENHEIMER

Signed:

AUTHORIZED BY:

NAME: F. M. Oppenheimer

DEPT: Legal

SIGNATURE: fmo

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

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

Rm 149

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

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

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

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

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

DISPATCHED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.
OCT 23
OCT 23 4 PM 1956
RECEIVED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.

C
O
P
Y

DER BUNDESMINISTER FUR FINANZEN

Vienna, October 22, 1956

148.560-15B/1956

Austria - Ln 148

Original filed in Austria - USIA Enterprises
and electric power.

Dear Mr. President,

In thanking you for your letter from October 10th. I would first like to express again on my part my great regret that I could not attend the Annual Meeting and participate in the final negotiations which preceeded the approval of the new loans and the preliminary discussions between the Bank's and Austria's representatives concerning the possibility of future Bank operations in Austria. I have been informed, however, on the proceeding of these negotiations and I avail myself of this opportunity to thank you for the efforts you have made to overcome the problems and your understanding of the special economic situation in Austria. I share the opinion that was expressed in Washington as to the usefulness of preliminary discussions between staff members of the Bank and Austrian officials concerned on the problems connected with the prospective loan to former Russian controled enterprises in Austria. I also feel that such an approach would be more appropriate than to ask for an official operational Mission to come to Austria and herewith invite staff members of the Bank whom you will be good enough to nominate to come to Vienna for an exchange of view in the first half of November of this year.

I am determined not to miss the next Annual Meeting in Washington and I am greatly looking forward to see you, Mr. President, at this occasion.

Very sincerely yours

(sgd) Kamitz

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

Austria -

FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 19, 1956 1820

TO: OPPENHEIMER INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR OPPENHEIMER
INFORMATION COPY TO	
Decoded By	

TEXT:

URGIERTE URKUNDEN AM 18. D M AUF LUSTPOSTWEG AN BOTSCHAFT

ABGESANDT

TEUFENSTEIN

Duplicate
ORIGINAL

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

OCT 19 2 18 PM 1955

Austria -

October 19, 1956

Dr. Wilhelm Teufenstein
Ministry of Finance
Vienna, Austria

Dear Dr. Teufenstein:

I have just received your cable of October 19, 1956 from which I learn that the legal opinion and the copy of the ratification law were mailed only yesterday, that is only after receipt of my cable of the 17th to you, and 10 days after the date of your cable which informed us that the documentation was being airmailed "immediately." As you know, the Bank's willingness to make the loans effective on receipt of your cable was a departure from our usual procedure, decided on in order to be helpful. During this week I have had several inquiries as to the status of the documentation to which, to my embarrassment, I had to reply that the documents had not been received despite your cable assuring me of their dispatch.

This delay has naturally made an unfortunate impression here, besides placing Mr. Umbricht and me in an embarrassing position.

Very sincerely yours,

Franz M. Oppenheimer

FMOppenheimer:vv

Austria - Ln 148

Dr. Rudolf Stahl
General Manager of the
Osterreichische Electrizitatswirtschafts AG
(Austrian Electric Power Corporation)

Vienna, October 17, 1956

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

Dear Dr. Umbricht:

Thank you for your letter of October 8, 1956 regarding the entry of the interest, commitment charge and other expenses for the loan IB 148 AUA granted by the World Bank to the Osterreichische Draukraftwerke AG.

I have noted your comments in this regard and I see that you are interested in considering each credit as a unit, whether one or several projects are financed thereby.

For this reason we will accordingly first enter in the books all such charges on the amount of $450,000 mentioned in List of Goods III and will take the liberty, according to your suggestion, of submitting a new application for the remainder when the $450,000 has been used up.

Cordially yours,

FORM NO. 35 (3-52) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

ROUTING SLIP	Date 10/25/56
NAME	ROOM NO.
~~Mr Stuart~~	A-313
Central Files.	210

	Action		Note and File
	Approval		Note and Return
	Comment		Prepare Reply
	Full Report		Previous Papers
	Information		Recommendation
	Initial		Signature

Remarks

From A-Balassy

Austria - Ln 148

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

WIEN I, 17. Oktober 1956
AM HOF 6
TEL.: U 29-6-60

Herrn
Dr. Viktor U m b r i c h t
p.A. International Bank for
Reconstruction and Development
1818 H Street, N.W.
W a s h i n g t o n 25 D.C.

Lieber Herr Dr. Umbricht!

Ich danke Ihnen für Ihr Schreiben vom 8.10.1956 betreffend die Verrechnung der Zinsen, der Bereitstellungsprovision und der sonstigen Spesen für den an die Österreichische Draukraftwerke Aktiengesellschaft gewährten Weltbankkredit IB 148 AUA.

Ich nehme Ihre diesbezüglichen Ausführungen zur Kenntnis und sehe, dass Sie interessiert sind, jeden Kredit als eine Einheit zu betrachten, gleichgiltig ob damit ein oder mehrere Projekte finanziert werden.

Aus diesem Grunde werden wir somit von dem in der Liste III angesetzten Betrag von $ 450.000.- vorerst sämtliche derartigen Spesen zur Verrechnung bringen und werden uns gemäß Ihrer Andeutung erlauben, zu dem Zeitpunkt, zu dem die $ 450.000.- verbraucht sind, einen neuerlichen Antrag für den Restbetrag zu stellen.

Mit herzlichsten Grüssen

Ihr

TRANSLATED
OCT 24 1956
I.B.R.D.

Austria - Ln 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

CLASS OF SERVICE: NIGHT LETTER

DATE: OCTOBER 17, 1956

TO: DR. WILHELM TEUFENSTEIN
MINISTRY OF FINANCE
VIENNA

TIRT

COUNTRY (AUSTRIA)

TEXT:

Cable No.

HAVE NOT RECEIVED LEGAL OPINION AND APPROVAL LAW STOP

PLEASE INFORM ME WHEN THEY HAVE BEEN MAILED STOP REGARDS

OPPENHEIMER

Signed:

AUTHORIZED BY:

NAME: F. M. Oppenheimer

DEPT: Legal

SIGNATURE:

For Use by Archives Division
Checked for Dispatch
_____

ORIGINAL (File Copy)

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

Austria - Ln 149

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

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

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

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

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

OCT 17 5 45 PM 1950
DESPATCHED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.

Austria - h 148

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

WIEN I.
AM HOF 6
TEL.: U 29-6-60

October 16,1956

Gb.

Mr.
Victor Umbricht
Director of the
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington 25, D.C.
USA

Dear Mr. Umbricht ,

Referring to your kind letter dated 8 October 1956, I thank you for your cooperation which I highly appreciate and remain

yours very sincerely,

Dr. R. Stahl i.V. Unterschrift.

(left immediately after
giving dictation)

Austria - Rn 148

Air Mail

October 16, 1956

Dr. Rudolf Stahl
General Manager
Oesterreichische Elektrizitaetswirtschafts - A. G.
Am Hof 2
Vienna, Austria

Dear Dr. Stahl:

As you know, the Bank requires periodical reports of progress on the projects which it finances. Enclosed are suggested outlines, described in eight annexes, for the technical and financial reports desired by the Bank in connection with Loans 148 AUA and 149 AUA, recently made to the Draukraftwerke and Donaukraftwerke jointly with the Verbundgesellschaft.

You will note that progress reports are desired from the Verbundgesellschaft as well as from the Draukraftwerke and Donaukraftwerke.

It would be appreciated if you would forward one copy of the applicable outlines to the Donaukraftwerke and Draukraftwerke with the request that they forward to the Bank periodically the specific progress reports desired. As the outlines are merely suggestions, you should feel free to make changes in the form of the reports if the work of preparing the reports will be simplified thereby.

Sincerely yours,

E. Wayne Rembert
Chief
Public Utilities Division
Department of Technical Operations

Enclosures

ADSpottswood:peg

Requirements letter.

Copy in Austria - Rn 149

Annex I

LOAN NO. 148-AUA

ST. ANDRAE THERMAL POWER PLANT EXPANSION

TECHNICAL PROGRESS REPORT

by the Draukraftwerke

I. Purpose

The purpose of the progress report is to give information on the following main points during the construction of the project:

A. Physical work accomplished on the project during the period covered by the report.

B. Comparison of actual progress of the construction with the original estimated schedules of construction.

C. Actual or contemplated material deviations from the original designs or schedules (other than changes of a character which would require prior consultation with the Bank).

D. Other changes or conditions which would materially affect the construction schedule or cost of the project.

E. The dates of completion of the principal features of the project, such as the date the generators are put into operation.

II. Outline of the Report

The following is a suggested outline of the Progress Report which should be submitted quarterly to the Technical Operations Department of the Bank. One copy will be sufficient. The report should cover in narrative form, in English, the points listed in (I) above under the following main heads:

A. Powerhouse Building

B. Boilers and accessories

C. Turbo-generators and accessories

D. Main Transformers

E. Switching Station

F. Cooling Tower

G. Water Cleaning Plant

H. Ash disposal plant

I. Aerial Roadway from coal mine

In addition to the progress reported in narrative form in the text of the report, progress should also be shown graphically in the form of curves and bar charts similar in form to the Exhibits attached. Small scale (letter

size (maps and drawings should also accompany the report and progress thereon should be noted by color or other markings.

Curves of scheduled and actual progress similar to Exhibit I should be submitted for each main part of the project (A, B and C above) and should record the overall progress on each.

The bar charts, Exhibits II - a, b, and c, should show scheduled actual progress on the main features of the project outlined above.

Please feel free to modify or add to the suggested breakdowns if you think others will be more suitable.

Maps

The maps accompanying the report should include:

A. General location map showing the powerhouse, switchyard, expansion, the water cleaning plant and ash disposal plant in relation to the existing buildings.

Photographs

Photographs showing substantial progress in the work (or difficulties which may have arisen) should be submitted whenever useful illustrating the report. When a chronological series of pictures of the same subject are submitted, they should be taken from the same location. All photographs should bear a full description and the date on which they were taken.

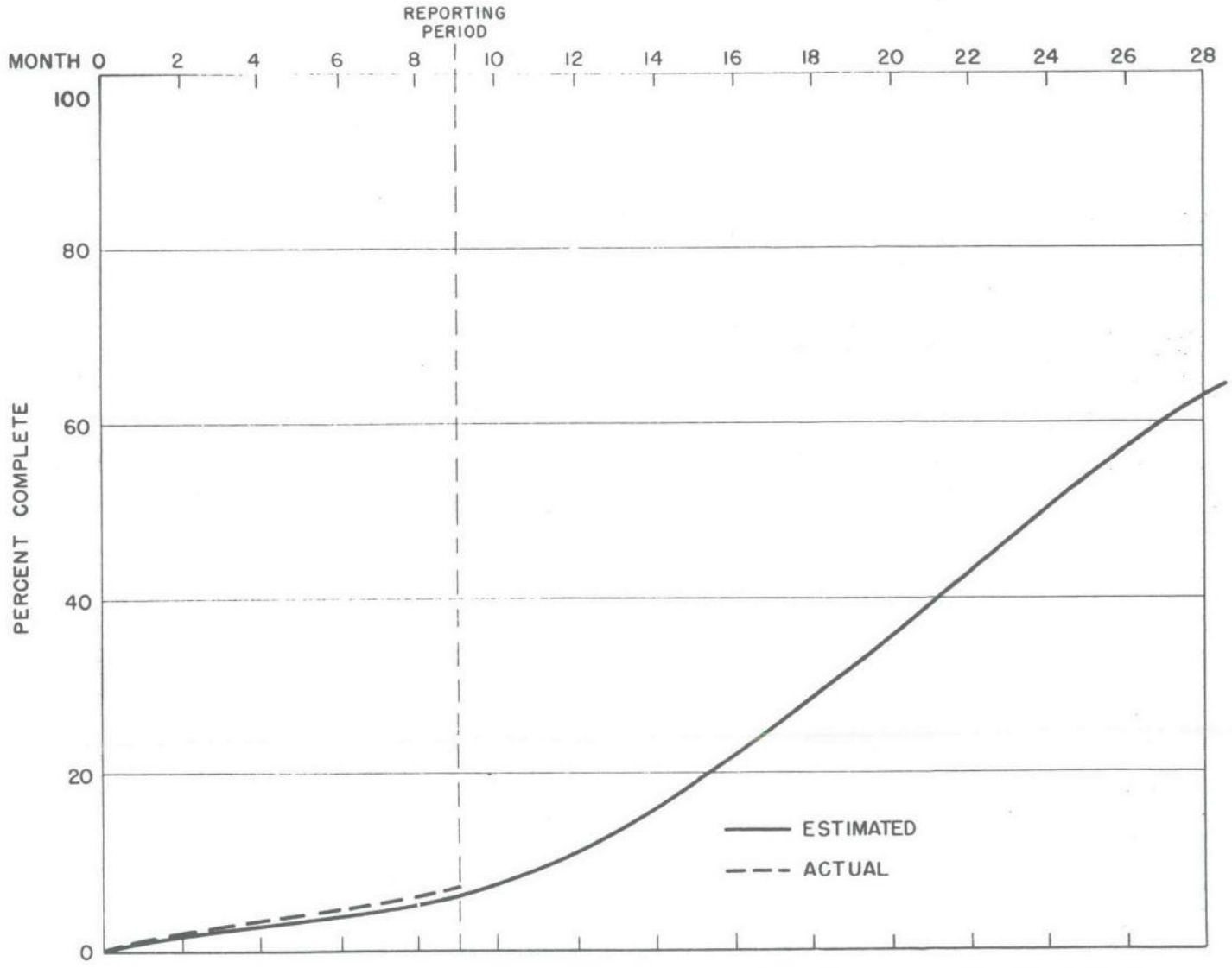
III. Schedule of Orders and Deliveries

A schedule or orders and deliveries similar in form to Exhibit III attached should be submitted every quarter. The purpose of this schedule is to indicate progress on the delivery of the main items of equipment and to show delays in delivery, if any, which occur. Only major items of equipment should be included on the schedule.

IV. Employment on the Project

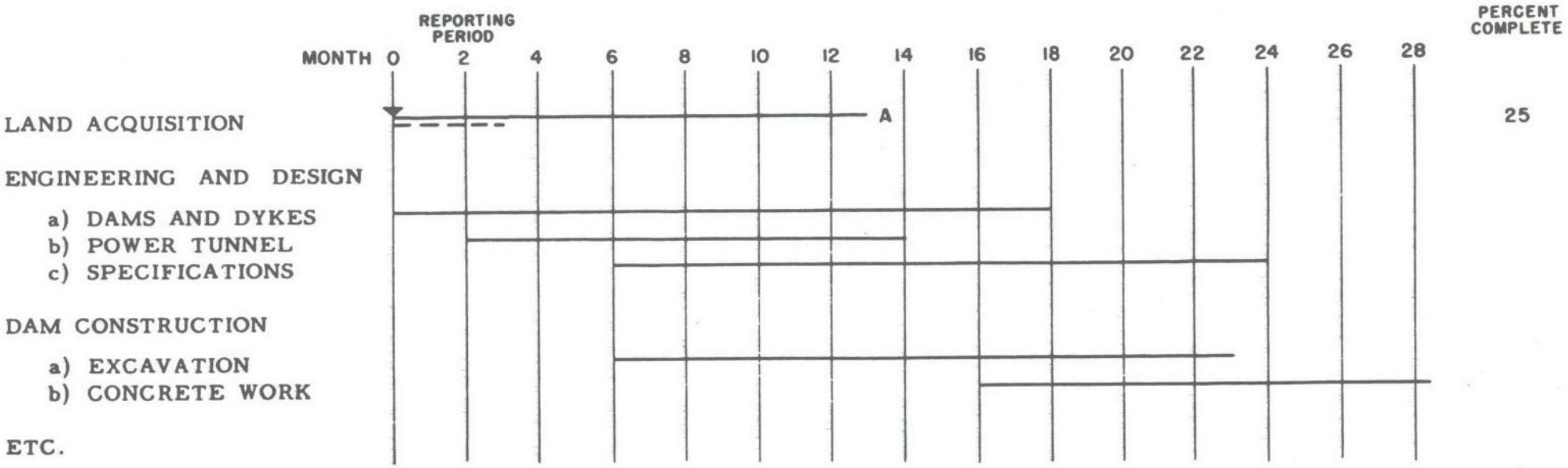
The report should contain a table giving the number of employees and workers on the project engaged by the contractors and by the Draukraftwerke.

SCHEDULED & ACTUAL PROGRESS



NOTE: Percentages should either be based on actual manhours or a Resident Engineers estimate.

CONSTRUCTION SCHEDULE



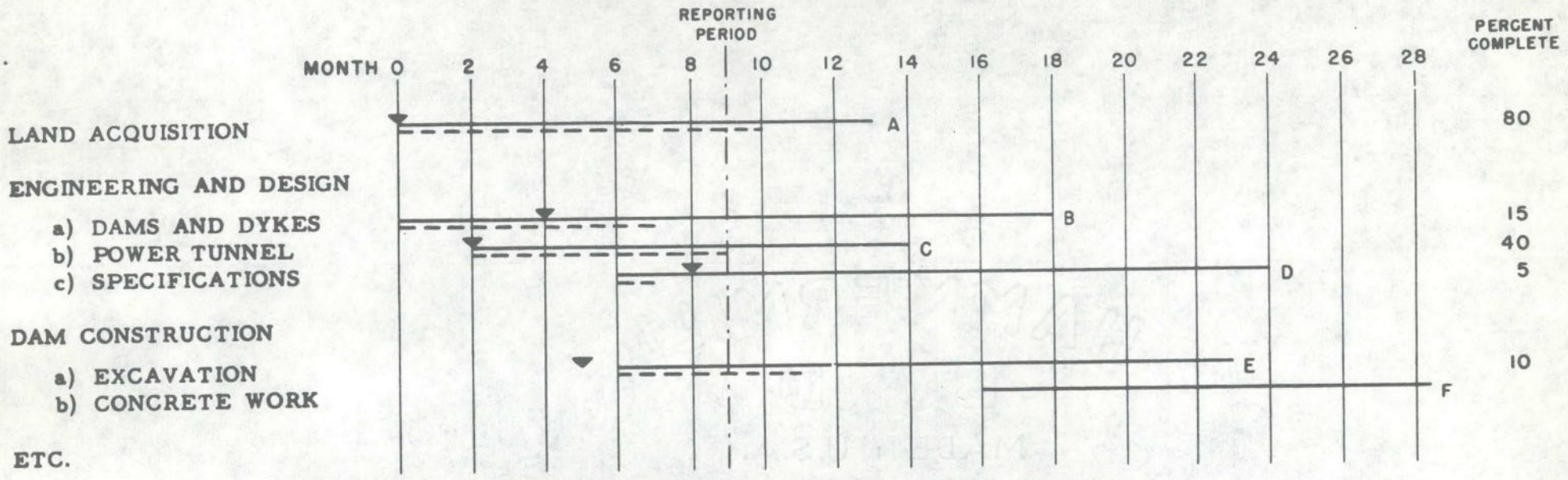
EXAMPLE - TIME OF REPORTING 2ND MONTH

A Work started according to schedule and at time of reporting the work originally scheduled for the third month had been accomplished.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation of the reasons for such a revision in the Textual remarks.

PROGRESS REPORT
Month of_____

CONSTRUCTION SCHEDULE



EXAMPLES - TIME OF REPORTING 9TH MONTH

A Work started according to schedule and at the time of reporting the work scheduled for the 10th month had been accomplished.

B Work started 4 months later than scheduled but at the time of reporting the work scheduled for the 7th month had been accomplished.

C Work started according to schedule and at the time of reporting the work scheduled for that month had been accomplished.

D Work started 2 months late and at the time of reporting only the work scheduled for the 7th month had been accomplished.

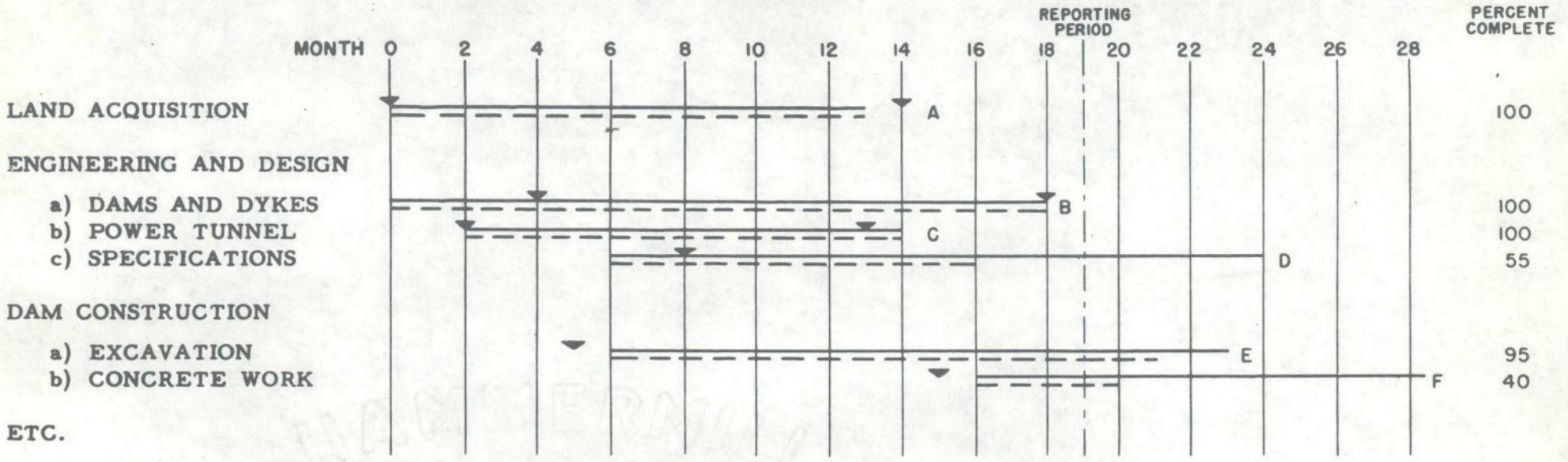
E Work started 1 month ahead of schedule and at the time of reporting the work scheduled for the 11th month had been accomplished.

F Work not started.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation of the reasons for such a revision in the Textual remarks.

PROGRESS REPORT
Month of _____

CONSTRUCTION SCHEDULE



EXAMPLES - TIME OF REPORTING 19TH MONTH

A Work started according to schedule but was not completed until the 14th month although scheduled for completion on the 13th.

B Work started 4 months later than scheduled but was completed during the 18th month the scheduled date for completion.

C Work started according to schedule but was completed one month ahead of schedule.

D Work started 2 months later than scheduled and at the time of reporting only the work scheduled for the 16th month had been accomplished.

E Work started one month ahead of schedule and at the time of reporting the work scheduled for the 21st month had been accomplished.

F Work started one month ahead of schedule and at time of reporting the work scheduled for the 20th month had been accomplished.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation [the reasons for such a revision the Textual _emarks.

PROGRESS REPORT
Month of _____

Annex I
Exhibit III

ST. ANDRAE THERMAL POWER PLANT EXPANSION

SCHEDULE OF ORDERS AND DELIVERIES.

Item	Unit	Number or Size	Date of Order	Name and Address of Company	Scheduled Dates of Delivery Start	Scheduled Dates of Delivery Complete	Actual Delivery Date Started	Actual Delivery % Delivered
1. Boiler								
2. Turbo-generator								
3. Condensor								
4. Circulating Water Pumps								
5. Main Transformer								
6. Water Cleaning Plant								
7. Ash Disposal Equipment								
8. Aerial ropeway from coal mine								

LOAN NO. 148-AUA

ST. ANDRAE THERMAL POWER PLANT EXPANSION

Report on Project Cost Estimates and Expenditures

by: DRAUKRAFTWERKE

This report should be submitted at quarterly intervals (calendar quarters) at the same time as the technical progress report for this project as described in Annex I. The first report should show the position as of September 30, 1956.

The report consists of one table only, a sample form of which is attached hereto as Exhibit I. This sample form shows the following main columns:

a) previous estimated costs
b) present estimated costs
c) expenditures to date

With "previous estimated costs" is meant the estimates which were valid at the beginning of the calendar quarter covered by the report. For the purpose of the first report, however, this column should show the estimates which were valid at the time of the loan negotiations, as shown in the sample table.

The column "present estimated costs" should show the estimates valid at the end of the calendar quarter and should therefore incorporate any revisions made in the estimates during the quarter. (The first report should of course show the revisions made since the time of the loan negotiations). Substantial revisions in estimates should always be accompanied by explanatory notes.

The column "expenditures to date" should show the actual expenditures made on the project up to the end of the calendar quarter covered by the report.

Attachment

Report for Calendar Quarter ended: _____

PROJECT - STANDRAE THERMAL PLANT EXPANSION

Exhibit I to Annex II

Cost Estimates and Expenditures
(in millions of Schillings)

ITEMS	PREVIOUS COST ESTIMATES	PRESENT COST ESTIMATES	EXPENDITURES TO DATE		
			Spent to end 1955	Spent from 1/1/1956 to	Total Expenditures
1. Civil Engineering Work	64.-				
2. Boiler Plant	88.-				
3. Turbine Plant	51.-				
4. Mechanical Equipment	54.-				
5. Electrical Equipment	52.-				
6. Ash Disposal Plant	20.-				
7. Interest during construction	33.-				
8. Contingencies	32.-				
	394.0 a/	___ a/	___ a/	___ a/	___ a/
a/ of which the equivalent of foreign exchange expenditures (in total figures only)	___	___	___	___	___

Annex III

LOAN NO. 148-AUA

VOITSBERG THERMAL POWER PLANT EXPANSION

TECHNICAL PROGRESS REPORT

by Draukraftwerke

I. Purpose

The purpose of the progress report is to provide information on the following main points during the construction of the project:

A. Physical work accomplished on the project during the period covered by the report.

B. Comparison of actual progress of the construction with the original estimated schedules of construction.

C. Actual or contemplated material deviations from the original designs or schedules (other than changes of a character which would require prior consultation with the Bank).

D. Other changes or conditions which would materially affect the construction schedule or cost of the project.

E. The dates of completion of the principal features of the project, such as the date the generators are put into operation.

II. Outline of the Report

The following is a suggested outline of the Progress Report which should be submitted monthly to the Technical Operations Department of the Bank. One copy will be sufficient. The report should be in English.

The main heads under which progress should be reported are suggested to be:

A. Powerhouse Building

B. Boilers and Auxiliaries

C. Turbogenerators

D. Main Transformer

E. Cooling Tower

F. Control Equipment

Inasmuch as the project is nearly completed, progress under above heads may be reported in narrative form and the usual bar charts and curves may be omitted. It will be sufficient to give the scheduled date of completion of each item, the present percent age of completion, information regarding tests of the installed equipment and any other pertinent information regarding the

progress of the work. The estimated date when the new unit will go into commercial operation should also be given.

Maps

A general location map showing the powerhouse expansion, the cooling towers, etc. in relation to the existing plant should accompany the report.

Photographs

Photographs showing substantial progress in the work (or difficulties which may have arisen) should be submitted whenever useful illustrating the report. When a chronological series of pictures of the same subject are submitted, they should be taken from the same location. All photographs should bear a full description and the date on which they were taken.

III. Employment on the Project

The report should give the number of employees and workers engaged on the project by both the Draukraftwerke and the contractors.

LOAN NO. 148-AUA

VOITSBERG THERMAL POWER PLANT EXPANSION

Report on Project Cost Estimates and Expenditures

by: DRAUKRAFTWERKE

This report should be submitted at quarterly 1/ intervals until final completion of the project. The first report should show the position as of September 30, 1956.

The report consists of one table only, a sample form of which is attached hereto as Exhibit I. This sample form shows the following main columns:

a) previous estimated costs
b) present estimated costs
c) expenditures to date

With "previous estimated costs" is meant the estimates which were valid at the beginning of the calendar quarter covered by the report. For the purpose of the first report, however, this column should show the estimates which were valid at the time of the loan negotiations, as shown in the sample table.

The column "present estimated costs" should show the estimates valid at the end of the calendar quarter and should therefore incorporate any revisions made in the estimates during the quarter. (The first report should of course show the revisions made since the time of the loan negotiations). Substantial revisions in estimates should always be accompanied by explanatory notes.

The column "expenditures to date" should show the actual expenditures made on the project up to the end of the calendar quarter covered by the report.

1/ The technical progress report, however, as described in Annex III should be submitted at monthly intervals.

Attachment

Report for Calendar
Quarter ended: _____

Exhibit I
to Annex IV

PROJECT - VOITSBERG THERMAL PLANT EXPANSION

Cost Estimates and Expenditures
(in millions of Schillings)

ITEMS	PREVIOUS COST ESTIMATES	PRESENT COST ESTIMATES	EXPENDITURES TO DATE		
			Spent to end 1955	Spent from 1/1/1956 to	Total Expenditures
1. Civil Engineering Work	34.-				
2. Boiler Plant	64.9				
3. Turbine Plant	34.3				
4. Mechanical Equipment, including cooling towers, ash disposal, coal handling equipment, pumps, etc.	17.4				
5. Electrical Equipment	17.3				
6. Interest during construction	7.1				
	175.- a/	___ a/	___ a/	___ a/	___ a/	___ a/
a/ of which the equivalent of foreign exchange expenditures (in total figures only)	___	___	___	___	___

Annex V

LOAN NO. 149-AUA

YBBS PERSENBERG HYDROELECTRIC PROJECT

TECHNICAL PROGRESS REPORT

by the DONAUKRAFTWERKE

I. Purpose

The purpose of the progress report is to provide information on the following main points during the construction of the project:

A. Physical work accomplished on the project during the period covered by the report.

B. Comparison of actual progress of the construction with the original estimated schedules of construction.

C. Actual or contemplated material deviations from the original designs or schedules (other than changes of a character which would require prior consultation with the Bank).

D. Other changes or conditions which would materially affect the construction schedule or cost of the project.

E. The dates of completion of the principal features of the project, such as the date the generators are put into operation.

II. Outline of the Report

The following is a suggested outline of the Progress Report which should be submitted quarterly to the Technical Operations Department of the Bank. One copy will be sufficient. The report should be in English.

The main heads under which progress should be reported are suggested to be:

A. The Lock

B. The Dam

C. The Powerhouses

In addition to the progress reported in narrative form in the text of the report, progress should also be shown graphically in the form of curves and bar charts similar in form to the Exhibits attached. Small scale (letter size) maps and drawings should also accompany the report and progress thereon should be noted by color or other markings.

A curve showing scheduled and actual progress similar to Exhibit I should be submitted to show overall progress on the entire project.

The bar charts, Exhibits II - a, b, and c, should show detailed progress on the main features of each part of the project. The suggested breakdown for each main head is given below:

A. The Lock

(a) Civil works
(b) Installation of Mechanical Equipment

B. The Dam

(a) Civil work
(b) Crest Gates
(c) Roadway

C. The Powerhouses

1. Right Bank Powerhouse

(a) Powerhouse Building
(b) Penstocks
(c) Turbines
(d) Generators
(e) Control Equipment

2. Left Bank Powerhouse

(a) Powerhouse Building
(b) Penstocks
(c) Turbines
(d) Generators
(e) Control Equipment

3. Switching Station

(a) Civil Work
(b) Electrical Equipment

The breakdowns for the bar charts are merely our suggestions. You should feel free to modify them if you think others would be more suitable.

Maps

The maps accompanying the report should include:

A. A general location map showing the dam, lock, powerhouses and switch yard.

B. A layout showing the remaining stages of construction, i.e., the present cofferdam layout and diversion of river flows and the next stages.

C. A downstream elevation showing lock, powerhouses, dam, etc., on which color can be used to show sections completed.

Photographs

Photographs showing substantial progress in the work (or difficulties which may have arisen) should be submitted whenever useful illustrating the report. When a chronological series of pictures of the same subject are submitted, they should be taken from the same location. All photographs should bear a full description and the date on which they were taken.

III. Schedule of Orders and Deliveries

A schedule of orders and deliveries similar in form to Exhibit III attached should be submitted every quarter. The purpose of this schedule is to indicate progress on the delivery of the main items of equipment and to show delays in delivery, if any, which occur. Only major items of equipment should be included on the schedule.

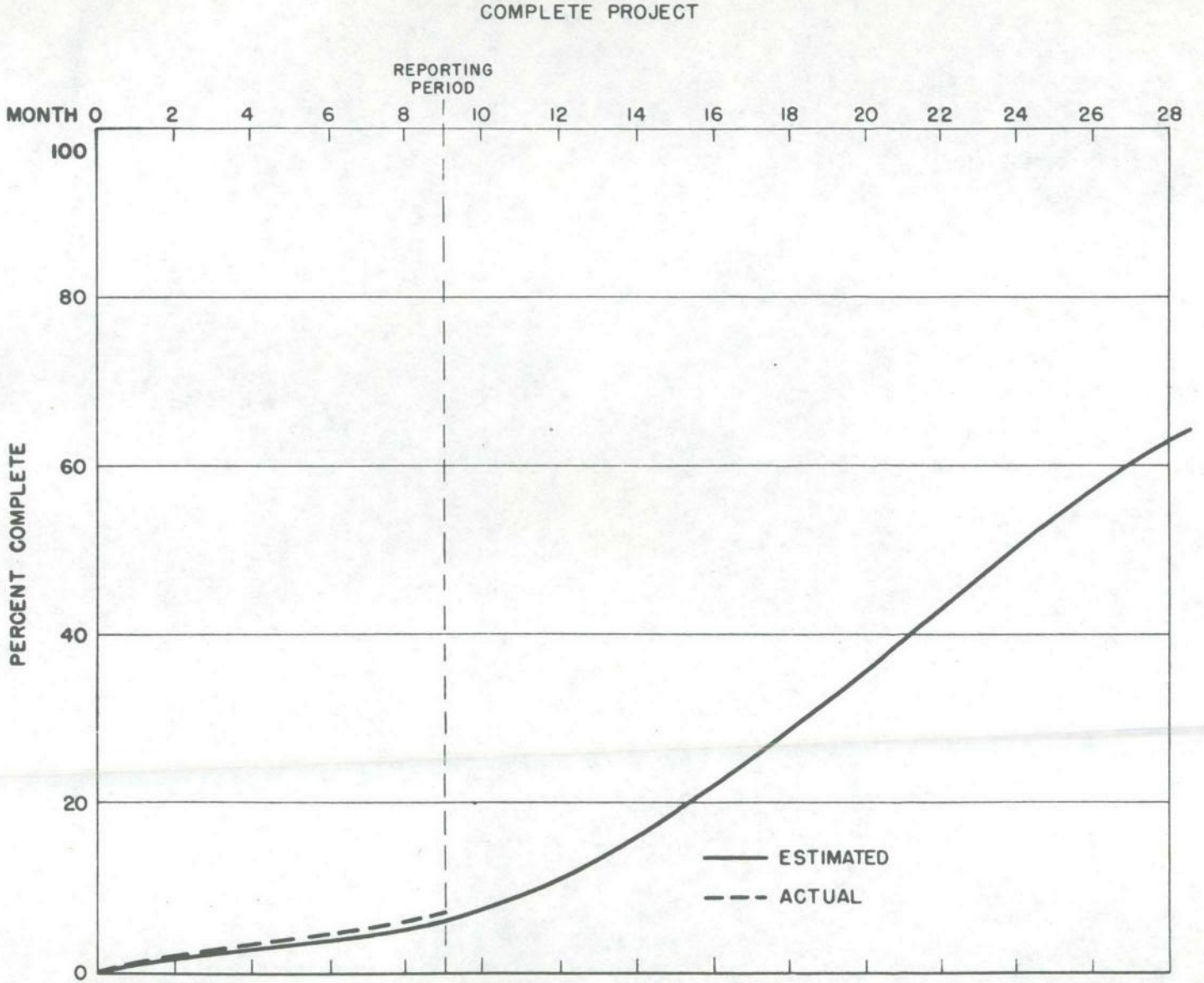
IV. Employment on the Project

The report should contain a table similar to the one below giving the number of people employed on the project by the Donaukraftwerke and by the contractors.

	Donaukraftwerke	Contractors	Total
Employees			
Workmen			
Total			

Annex V - Exhibit I

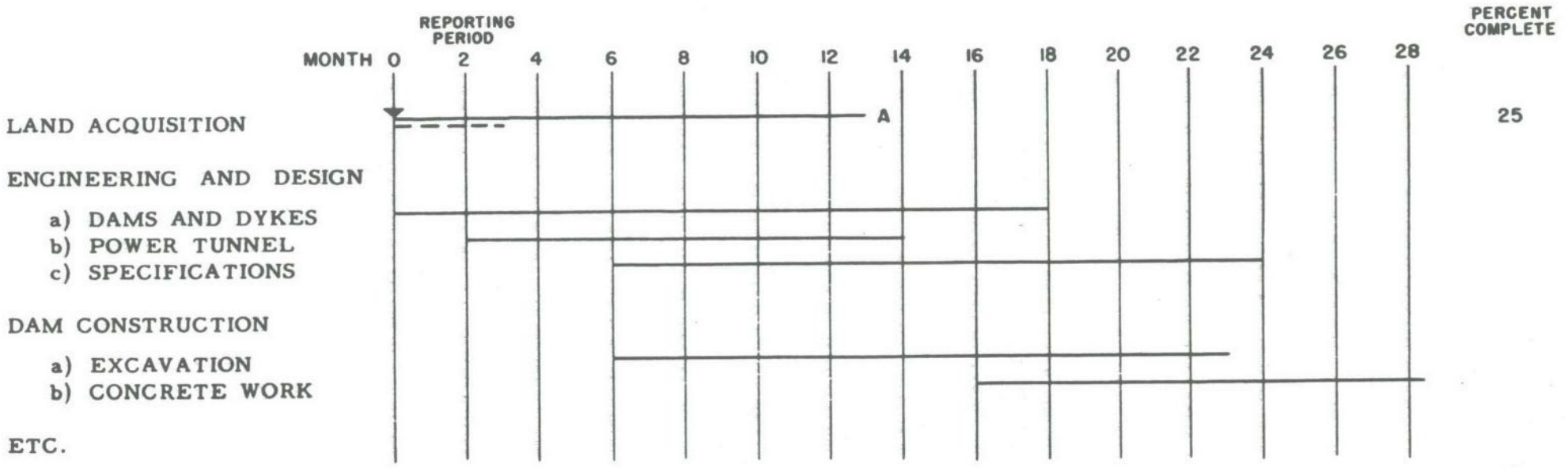
SCHEDULED & ACTUAL PROGRESS



NOTE: Percentages should either be based on actual manhours or a Resident Engineers estimate.

Annex V - EXHIBIT II - A

CONSTRUCTION SCHEDULE



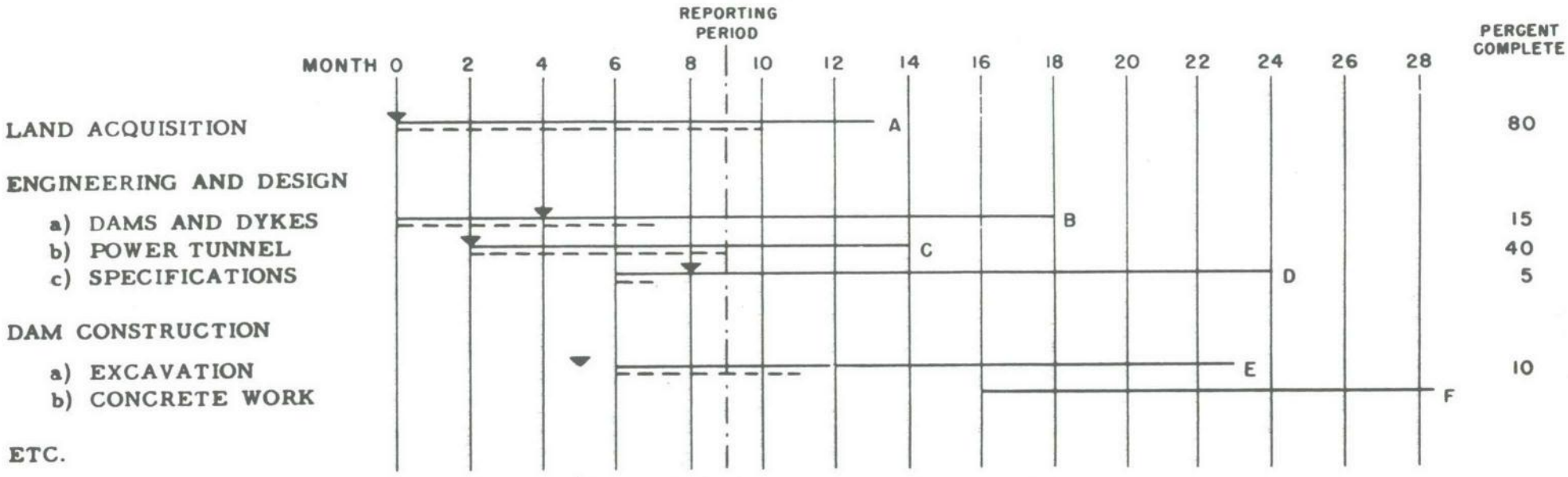
EXAMPLE - TIME OF REPORTING 2ND MONTH

A Work started according to schedule and at time of reporting the work originally scheduled for the third month had been accomplished.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation of the reasons for such a revision in the Textual remarks.

PROGRESS REPORT
Month of _____

CONSTRUCTION SCHEDULE



EXAMPLES - TIME OF REPORTING 9TH MONTH

A Work started according to schedule and at the time of reporting the work scheduled for the 10th month had been accomplished.

B Work started 4 months later than scheduled but at the time of reporting the work scheduled for the 7th month had been accomplished.

C Work started according to schedule and at the time of reporting the work scheduled for that month had been accomplished.

D Work started 2 months late and at the time of reporting only the work scheduled for the 7th month had been accomplished.

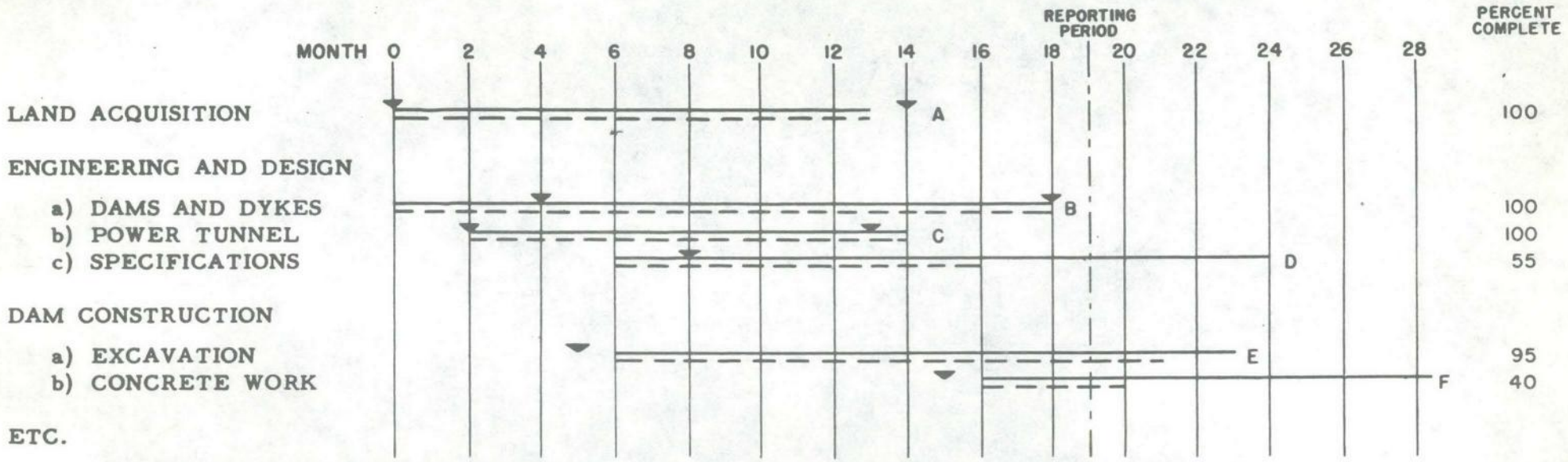
E Work started 1 month ahead of schedule and at the time of reporting the work scheduled for the 11th month had been accomplished.

F Work not started.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation of the reasons for such a revision in the Textual remarks.

PROGRESS REPORT
Month of _____

CONSTRUCTION SCHEDULE



EXAMPLES - TIME OF REPORTING 19TH MONTH

A Work started according to schedule but was not completed until the 14th month although scheduled for completion on the 13th.

B Work started 4 months later than scheduled but was completed during the 18th month the scheduled date for completion.

C Work started according to schedule but was completed one month ahead of schedule.

D Work started 2 months later than scheduled and at the time of reporting only the work scheduled for the 16th month had been accomplished.

E Work started one month ahead of schedule and at the time of reporting the work scheduled for the 21st month had been accomplished.

F Work started one month ahead of schedule and at time of reporting the work scheduled for the 20th month had been accomplished.

Note: When construction schedules are revised a statement to that effect should be given as well as an explanation of the reasons for such a revision in the Textual Remarks.

PROGRESS REPORT
Month of _____

EXHIBIT III
ANNEX V

YBBS-PERSENBEUG HYDROELECTRIC PROJECT

SCHEDULE OF ORDERS AND DELIVERIES

Item	Unit	Number or Size	Date of Order	Name & Address of Company	Scheduled Dates of Delivery Start	Scheduled Dates of Delivery Complete	Actual Delivery Date Started	Actual Delivery % Delivered
A. Gantry Cranes								
B. Turbines								
C. Generators								
D. Main Transformers								
E. Crest Gates for Dam								
F. Control Equipment								
G. Operating Equipment for Lock								

LOAN NO. 149-AUA

YEPS-PERSENBEUG HYDRO ELECTRIC PROJECT

Report on Project Cost Estimates and Expenditures

by: DONAUKRAFTWERKE

This report should be submitted at quarterly intervals (calendar quarters) at the same time as the technical progress report for this project as described in Annex V. The first report should show the position as of September 30, 1956.

The report consists of one table only, a sample form of which is attached hereto as Exhibit 1. This sample form shows the following main columns:

a) previous estimated costs
b) present estimated costs
c) expenditures to date

With "previous estimated costs" is meant the estimates which were valid at the beginning of the calendar quarter covered by the report. For the purpose of the first report, however, this column should show the estimates which were valid at the time of the loan negotiations, as shown in the sample table.

The column "present estimated costs" should show the estimates valid at the end of the calendar quarter and should therefore incorporate any revisions made in the estimates during the quarter. (The first report should of course show the revisions made since the time of the loan negotiations). Substantial revisions in estimates should always be accompanied by explanatory notes.

The column "expenditures to date" should show the actual expenditures made on the project up to the end of the calendar quarter covered by the report.

Attachment

Report for Calendar
Quarter ended: _____

Exhibit I
to Annex VI

PROJECT - YBBS-PERSENBEUG

Cost Estimates and Expenditures
(in millions of Schillings)

ITEMS	PREVIOUS COST ESTIMATES	PRESENT COST ESTIMATES	EXPENDITURES TO DATE		
			Spent to end 1955	Spent from 1/1/1956 to	Total Expenditures
1. Preparatory work, camps, roads, etc.	118.1		20.6		
2. Reservoir, including land, property, reconstruction work, etc.	447.-		74.3		
3. Civil engineering work	907.8		294.6		
4. Mechanical equipment	306.3		84.9		
5. Electrical equipment	194.6		23.8		
6. Supervision and administration	284.-		9.9		
7. Interest during construction	108.2	____	10.5	____	____
	2,366.0 a/	____ a/	____ a/	____ a/	____ a/
a/ of which the equivalent of foreign exchange expenditures (in total figures only)	_____	_____	_____	_____	_____

LOANS NOS. 148 AND 149

FINANCIAL REPORTING ON V.G. COMBINE 1/

by: VERBUNDGESELLSCHAFT

The Bank is interested in being kept informed about:

a) any revisions made in the cost estimates for the construction program of the V.G. Combine for the five-year period 1956/1960;

b) actual construction expenditures made to date;

c) the implementation of the financing plan for the program; and

d) the overall financial position and operations of the Combine.

For the above-mentioned purposes the Verbundgesellschaft is requested to submit the following type of periodical information:

1) A table, to be submitted every calendar quarter, for the first time as of September 30, 1956, showing:

   a) the actual construction expenditures already made since January 1, 1956;

   b) estimates for construction expenditures still to be made;

   c) latest estimated costs of the construction program, representing the sum total of the figures under a) and b).

A sample form of this table is attached hereto as Exhibit I. It will be noted from the way this table has been set up that construction expenditures should be broken down by year, by companies and by major projects. The table should also indicate as last item an estimate of total annual debt service requirements of the V.G. Combine 2/.

2) A table, to be submitted every calendar quarter, for the first time as of September 30, 1956, showing the implementation of the financing plan for the program. A sample form of this table is attached hereto as Exhibit II. It will be noted from the table that actual figures and sources of funds should be shown for the period already elapsed since January 1, 1956, and estimates for the remainder of the period.

1/ The V.G. company and associated companies considered as a unit (Verbundkonzern).

2/ Total consolidated amortization requirements, with elimination of inter-company debt amortization.

3) A Consolidated Balance Sheet for the V.G. Combine to be submitted twice a year, namely as of June 30 and as of December 31. The first balance sheet to be submitted should be as of December 31, 1956. These consolidated balance sheets should, of course, not include any inter company indebtedness.

4) A Consolidated Income Statement for the V.G. Combine, to be submitted twice a year. (One statement to cover the six-month period January/June, and the other statement to cover the full year ended December 31). The first statement to be submitted should cover the full year 1956; the second statement, therefore, should cover January/June 1957; the third the full year 1957; etc. A sample form is attached hereto as Exhibit III. This exhibit shows that the figures for the corresponding period of the previous year should also be included for comparison purposes.

5) Operating Statistics for the V.G. Combine to be submitted quarterly. The quarterly statements should show the figures from January 1 to the date of the statement, i.e. January/March (first statement); January/June (second statement); January/September (third statement); and the full year ending December 31 (fourth statement). Figures for the corresponding period of the previous year should also be shown for comparison purposes. The items to be shown in each statement are:

(in millions of KWH)

a) Generation
b) Purchases:
   (i) imports
   (ii) local purchase
   (iii) Total
c) Sales:
   (i) exports
   (ii) sales in Austria
   (iii) Total

Finally, in addition to the above statistics the statements should show the peakload on the system for each month of the period covered by the statement.

Exhibit I
to Annex VII

ACTUAL AND ESTIMATED EXPENDITURES
ON V.G. COMBINE CONSTRUCTION PROGRAM 1956-1960
(including debt amortization)
(in millions of Schillings)

Companies and Projects	Actual	Estimates					Total
	1956 first 3 quarters	1956 last quarter	1957	1958	1959	1960	1956/1960
Donaukraftwerke A.G.							
Ybbs-Persenbeug							
Draukraftwerke A.G.							
Reisseck-Kreuzeck							
Voitsberg							
St. Andrae							
Minor investments and planning							
Ennskraftwerke A.G.							
Minor investments and planning							
Jochenstein A.G.							
Jochenstein (Austrian part)							
Tauernkraftwerke A.G.							
Kaprun (completion)							
Schwarzach-St. Veit							
Minor investments and planning							
Verbundgesellschaft							
Transmission lines and substations							
Thermal Plants to be completed 1961-1962							
Total Construction Program							
Amortization Payments							
Grand Total							

Exhibit II
to Annex VII

V.G. COMBINE
CAPITAL REQUIREMENT AND SOURCES OF FUNDS 1956-1960
(in millions of Schillings)

Capital Requirements	Actual 1956 first 3 quarters	Estimates 1956 last quarter	1957	1958	1959	1960	Total 1956/1960
Construction to be completed during 1956/1960							
Construction to be completed by 1961/1962							
Total Construction							
Amortization of debt (existing and proposed)							
Total Capital Requirements							
Sources of Funds							
A. Internal Sources:							
(1) Equity Contributions (~~mainly from Government~~)							
(2) Net profits							
(3) Depreciation allowances							
(4) Other Receipts							
(5) Borrowing (long term):							
(a) Bond Issues							
(b) ERP Funds							
(c) Other							
(6) Short-term Credits (net) -- See note below							
		( )					
B. External Sources:							
(1) Borrowing:							
(a) Remainder IBRD loan for Reisseck-Kreuzeck							
(b) IBRD loan for Ybbs-Persenbeug, Voitsberg and St. Andrae							
(c) Suppliers Credits							
Cash Surplus							

Note:- Short term borrowing and repayment is estimated to be as follows:

Borrowing		
Repayment		
Net Receipt or Payment (-)		

Exhibit III
to Annex VII

V.G. COMBINE
CONSOLIDATED INCOME STATEMENT

	Current Year	Corresponding figures for previous year
1. Sales of energy (in millions of KWH)		
2. Average rate per KWH (in groschen)		
3. Gross Revenues from sale of energy		
4. Other Income		
5. Total Income		
Cost of Operations:		
6. Operating expenses (including maintenance, cost of fuel, general and administrative expenses)		
7. Cost of purchased power		
8. Taxes		
9. Depreciation		
10. Total Cost of Operations		
11. Net income from Operations (5 - 10)		
12. Less interest deductions (net a/)		
13. Net profit for period		

a/ difference between interest paid and interest income

LOAN No. 149

GENERAL FINANCIAL INFORMATION

To be submitted by
DONAUKRAFTWERKE

The periodic submission of the following general financial information is requested:

a) A Balance Sheet, to be submitted twice a year, namely as of June 30 and as of December 31, with explanatory notes and/or comments on the principal changes in the accounts since the date of the previous balance sheet. (For instance, details about new loans taken up, increases in share capital, etc.)

b) Annually, a copy of the Company's annual report (Geschaftsbericht).

Austria Ln 148

FILE COPY

Messrs. Street (3) and Prins

October 10, 1956

Walter C. P. Rutland

Loans 148 AUA and 149 AUA

By memorandum dated October 9, 1956 from Legal Department (Mr. Oppenheimer) we have been advised that subject loans became effective on October 9, 1956.

Please note your records accordingly.

cc. Miss Charalambous
Mr. Perez
Mr. Rutland (2)

WCPRutland/fr.

√X Austria - Ln 149

Austria - Ln 148

Mr. Riley, Mr. Cope and Mr. Aldewereld October 9, 1956

F. M. Oppenheimer

Loans 148 AUA and 149 AUA

The above loans have become effective today, October 9, 1956.

cc: Mr. Cavanaugh
Mr. Collier

FMOppenheimer:vv

Copy to Austria - Ln 149

Austria-Li 148

October 9, 1956

R. Mees and Zoonen
Rotterdam
Holland

Attention: Statistical Dept.

Gentlemen:

In my letter to you of May 28, 1956 I promised to send you the Loan Agreements and other documents relating to our two recent loans for Austrian power development. These loans were signed on September 21 and I have pleasure therefore in sending you copies of the documents concerned.

Yours sincerely,

J. H. Collier

JHCollier:vmc

FORM NO. 26
(1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 9, 1956 1700

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: VERBUNDNETZ WIEN

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

File

TEXT:

WIR BESTAET GEN IHR TELEGRAMM AV69/WA 224 BETREFFEMRLINKRAFT-TRETEN DES

31 M O. DOLLARKREDITES MIT 9. OKTOBER 1956 UND ERKLAEREN

N MIT DEM INHALT DES TELEGRAMMES VOLL EINVERSTANDEN .

OESTERREICHISCHE
ELEKTRIZITAETSWIRTSCHAFTS A G

ORIGINAL

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

OCT 9 1 01 PM 1956

FORM No. 26
(1.50)

Mr. Umbricht W
Mr. Cope
Austria Ln 148

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 9, 1956

TO: INTERNATIONAL BANKFOR RECONSTRUCTION & DEVELOPMENT

FROM: KLAGENFURT

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

TEXT:

WITH BEST THANKS ACKNOWLEDGE RECEIPT OF CABLE INFORMING US THAT LOAN AND GUARANTEE AGREEMENTS VOITSBERG ST. ANDRAE PROJECT DATED SEPTEMBER 21, 1956 HAVE BECOME EFFECTIVE TODAY OCTOBER 9, 1956

DRAUKRAFT

ORIGINAL

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

OCT 9 10 57 AM 1956

Austria - Ln 148

FORM NO. 27
(9-56)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

COPY

To be transmitted at 12:01 a.m. October 9, 1956

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 9, 1956

TO: OSTERREICHISCHE ELEKTRIZITSWIRTSCHAFTS-
AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT)
AM HOF 6
WIEN

COUNTRY (AUSTRIA)

EXT:

Cable No.

AM PLEASED NOTIFY YOU BANK ACCEPTS EVIDENCE SUBMITTED ONE IN FULFILLMENT CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT YBBS PERSENBEUG PROJECT DATED SEPTEMBER 21, 1956 BETWEEN THE BANK THE VERBUNDGESELLSCHAFT AND THE DONAUKRAFTWERKE AND TWO IN FULFILLMENT CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT VOITSBERG ST. ANDRA PROJECT DATED SEPTEMBER 21, 1956 BETWEEN THE BANK THE VERBUNDGESELLSCHAFT AND THE DRAUKRAFTWERKE AND GUARANTEE AGREEMENTS OF SAME DATE BETWEEN REPUBLIC OF AUSTRIA AND BANK STOP CONSEQUENTLY LOAN AND GUARANTEE AGREEMENTS BECOME EFFECTIVE TODAY OCTOBER 9, 1956 STOP PLEASE CABLE CONFIRMATION RECEIPT THIS CABLE.

BLACK
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Effective Date Cable.

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: F. M. Oppenheimer

DEPT: Legal

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

For Use by Archives Division
Checked for Dispatch
_____

ORIGINAL (File Copy)

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

Austria - Ln 148

FORM NO. 27
(9-56)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

COPY

To be transmitted at 12:01 a.m. October 9, 1956

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 9, 1956

TO: MINISTER OF FINANCE
HIMMELPFORTGASSE
WIEN I

COUNTRY (AUSTRIA)

EXT:

Cable No.

Effective Date Cable.

AM PLEASED NOTIFY YOU BANK ACCEPTS EVIDENCE SUBMITTED ONE IN FULFILLMENT CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT YBBS PERSENBEUG PROJECT DATED SEPTEMBER 21, 1956 BETWEEN THE BANK THE VERBUNDGESELLSCHAFT AND THE DONAUKRAFTWERKE AND TWO IN FULFILLMENT CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT VOITSBERG ✓ ST. ANDRA PROJECT DATED SEPTEMBER 21, 1956 BETWEEN THE BANK THE VERBUND-GESELLSCHAFT AND THE DRAUKRAFTWERKE AND GUARANTEE AGREEMENTS OF SAME DATE BETWEEN REPUBLIC OF AUSTRIA AND BANK STOP CONSEQUENTLY LOAN AND GUARANTEE AGREEMENTS BECOME EFFECTIVE TODAY OCTOBER 9, 1956 STOP PLEASE CABLE CONFIRMATION RECEIPT THIS CABLE.

BLACK
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: F. M. Oppenheimer

DEPT: Legal

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

For Use by Archives Division
Checked for Dispatch
_____

ORIGINAL (File Copy)

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

Austria - Ln

Effective Date Cable.

FORM NO. 27
(9-56)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

COPY

To be transmitted at 12:01 a.m. October 9, 1956

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 9, 1956

TO: OSTERREICHISCHE DRAUKRAFTWERKE AKTIENGESELLSCHAFT
BAUMBACHPLATZ 2
KLAGENFURT

COUNTRY (AUSTRIA)

EXT:

Cable No.

AM PLEASED NOTIFY YOU BANK ACCEPTS EVIDENCE SUBMITTED IN FULFILLMENT CONDITIONS PRECEDENT TO EFFECTIVENESS OF LOAN AGREEMENT VOITSBERG ST. ANDRA PROJECT DATED SEPTEMBER 21, 1956 BETWEEN BANK THE VERBUNDGESELLSCHAFT AND THE DRAUKRAFTWERKE AND GUARANTEE AGREEMENT OF SAME DATE BETWEEN REPUBLIC OF AUSTRIA AND BANK STOP CONSEQUENTLY LOAN AND GUARANTEE AGREEMENTS BECOME EFFECTIVE TODAY OCTOBER 9, 1956 STOP PLEASE CABLE CONFIRMATION RECEIPT THIS CABLE.

BLACK
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Signed: _____
(Type in last name of sender)

AUTHORIZED BY:

NAME: F.M. Oppenheimer

DEPT: Legal

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

For Use by Archives Division
Checked for Dispatch
_____

ORIGINAL (File Copy)

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

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

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

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

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

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

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

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

Austria - Fin 48

October 8, 1956

Dear Dr. Stahl:

Thank you for your letter of September 19, 1956, concerning the $450,000 to cover "interest, commitment and other charges" on the loan. Our treatment of this item is the result of our established practice whereby the amount due for interest and other charges on the loan is not shown separately for each project for which the loan has been made. In some of our loans there is a very large number of projects and it would be extremely difficult and time-consuming to calculate the interest payment for each individual project separately. This affects, of course, not only interest during construction, but all interest payments.

This means that when an interest payment is due for the new Draukraftwerke loan, we cannot split it into two parts, one for Voitsberg and one for St. Andra, and then proceed to deduct the St. Andra amount from the Loan Account and bill the Draukraftwerke for the Voitsberg amount. We prefer to deduct the whole amount from the Loan Account. I fully understand your point that $450,000 represents only the amount attributable to St. Andra project and you are quite right in saying that, if this is used to cover all the charges due on the whole loan, it will be used up by the end of next year. If at any time you wish to increase the allocation for interest and other charges to cover the remainder of the loan, the Bank would certainly be prepared to consider such a request.

All this is a little complicated, but I hope I have made it clear. Our basic consideration, in dealing with this question, is that when calculating the payments due to us from borrowers, every loan is treated as a unit. I can understand that, in the present case, this may necessitate some compensating adjustments in the accounting of the Draukraftwerke but I cannot think these will be very difficult and therefore we prefer to leave the arrangement as it now stands.

Yours sincerely,

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

JHCollier:vmc

Dr. R. Stahl
General-Director
Verbundgesellschaft
Am Hof 6
Vienna, Austria

cc: Mr. Street
Mr. Spottswood

Austria - Ln 148

October 8, 1956

Dear Dr. Stahl:

I have arranged for our Marketing Department to provide Glore, Forgan and Company with our reports prepared in connection with the recent loans, as you requested in your letter of September 25th.

As you know the position in the New York market at the moment is very difficult, and our information is that there would be little chance for you to contemplate an issue unless the situation alters very markedly.

Yours sincerely,

4

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

Dr. R. Stahl
General-Director
Verbundgesellschaft
Am Hof 6
Vienna, Austria

JHCollier:vmc

Ln 149

FORM NO. 26
(1-50)

Lm 148

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 8, 1956

TO: OPPENHEIMER, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

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

TEXT:

GARANTIEABKOMMEN AM 3. D. M. RATIFIZIERT NOTIFIKATION GEMAESS PARAGRAPH 9.01 LT. (B) SOWIE RECHTSGUTHABEN GEMAESS PARAGRAPH 9.02 LIT (C) UND (D) DER RICHTLINIEN FOLGEN UNVERZUEGLICH AUF LUFTPOSTWEG

TEUFENSTEIN

DUPLICATE

DUPLICATE

RECEIVED
INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

OCT 8 9 54 AM 1956

Austria - Ln 148

FORM NO. 26
(1-50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Files

INCOMING WIRE

DATE OF WIRE: OCTOBER 5, 1956 1415

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR UMBRICHT
INFORMATION COPY TO	MR OPPENHEIMER
Decoded By	

TEXT:

RE: LOANS 148 AUA AND 149 AUA, NOTIFICATION UNDER SECTION 9.01 OF THE LOAN REGULATIONS NO 4.

THIS IS TO CERTIFY THAT EXECUTION AND DELIVERY OF LOAN AGREEMENTS (VOITSBERG-ST ANDRA AND YBBS-PERSENBEUG PROJECTS) ON BEHALF OF THE VERBUNDGESELLSCHAFT HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL NECESSARY CORPORATE AND GOVERMENTAL ACTION

VERBUNDGESELLSCHAFT

ORIGINAL

Copy in Ln 149

ORIGINAL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OCT 5 10 04 AM 1956

VERBUNDGESELLSCHAFT

NECESSARY CORPORATE AND GOVERNMENTAL ACTION

OF THE VERBUNDGESELLSCHAFT HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL

AGREEMENTS (VOLTSBERG-ST ANDRA AND XRBS-PERSENBEUG PROJECTS) ON BEHALF

THIS IS TO CERTIFY THAT EXECUTION AND DELIVERY OF LOAN

THE LOAN REGULATIONS NO 4.

RE: LOANS 149 AUA AND 149 AUA, NOTIFICATION UNDER SECTION 5.01 OF

TEXT:

FROM: MIEN

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

DATE OF WIRE: OCTOBER 5, 1956 1415

Decoded By

INFORMATION COPY TO MR OPPENHEIMER

ACTION COPY TO MR UNDRICHT

ROUTING

INCOMING WIRE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FORM NO. 58 (1-50)

FORM NO. 26
(1-50)

Austria-Ln 148
files

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: OCTOBER 5, 1956 1412

TO: INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT

FROM: KLAGENFURT

ROUTING	
ACTION COPY TO	MR UMBRICHT
INFORMATION COPY TO	MR OPPENHEIMER
Decoded By	

TEXT:

RE LOAN 148-AUA (VOITSBERG ST ANDRAE PROJECT) NOTIFICATION UNDER SECTION 9.01 OF THE LOAN REGULATIONS NO 4. THIS ISTO CERTIFY THAT EXECUTION AND DELIVERY OF LOAN AGREEMENT 148 AUA (VOITSBERG ST ANDRAE PROJECT) ON BEHALF OF THE DRAUKRAFT WERKE HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL NECESSARY CORPORATE AND GOVERNMENTAL ACTION

DRAUKRAFT KLAGENFURT

AUSTRIA EUROPE

ORIGINAL

INTERNATIONAL BANK FOR RECONST. AND DEVEL.
OCT 5 10 14 AM 1956

INCOMING MAIL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

DATE OF MAIL:	October 2, 1956
TO:	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT
FROM:	DISBURSEMENT
TEXT:	RE LOAN 344-ADA (AGRICULTURAL CREDIT PROJECT) MODIFICATION UNDER SECTION 9.01 OF THE LOAN REGULATIONS NO 4. THIS ISSUE CERTIFY THAT EXECUTION AND DELIVERY OF LOAN AGREEMENT 344 ADA (AGRICULTURAL CREDIT PROJECT) ON BEHALF OF THE BANKGRAM MEMBER HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL NECESSARY CORPORATE AND GOVERNMENTAL ACTION

DRAFTGRAM RECEIVED

MAILGRAM ROUTE

ROUTING	
ACTION COPY TO	MR DUNLOP
INFORMATION COPY TO	MR OPPENHEIMER
Decoded By	

FORM No. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

403 Mr. Cutler
Files

OFFICE MEMORANDUM

TO: Mr. Victor Umbricht

DATE: October 4, 1956

FROM: Peter G. Ramm

SUBJECT: Loans 148 and 149 Austria - Description in Statement of Loans

We propose showing the description of subject loans as follows:

148 AUA) "Electrical Power Development"
149 AUA)

This description follows the pattern established for similar loans.

If this description is not appropriate, please advise me.

cc. Mr. Cavanaugh
Mr. Rutland (2)

WCPRutland/fr.

Copy in Ln 149

Austria - Fin 148

Files

October 3, 1956

F. M. Oppenheimer

Loans 148 AUA and 149 AUA

I have checked with Messrs. Spottswood Street and Collier to see if they had any objections to making the above loans effective. They said that their departments had no objection.

FMOppenheimer:vv

Copy in Austria - Fin 149

Austria Ln 148

October 2, 1956

Dear George,

I have just received a letter from Dr. Rudolf Stahl, General Director of the Austrian Verbundgesellschaft, in which he says that they have been in contact with Glore, Forgan and Co. in connection with a possible issue. He says that Glore, Forgan would like to have a look at our latest reports on Austria. I am therefore enclosing copies of our recent economic and technical reports. I should be grateful if you would hand these ones to Glore, Forgan and Co. and at the same time find out something about the thing from their end. I know nothing about it except that the contact has been made. I imagine things must be in a very preliminary stage.

Yours, sincerely

U.

V. Umbricht
Assistant Director of Operations
Europe, Africa and Australasia

Enclosures

Mr. George L. Martin,
Marketing Department
International Bank for Reconstruction
and Development
33 Liberty Street
New York City.

U.

VX Ln 149

Austria - Ln 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

MR

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 2, 1956

TO: OSTERREICHISCHE ELEKTRIZITATSWIRTSCHAFTS-
AKTIENGESELLSCHAFT (VERBUNDGESELLSCHAFT)
WIEN 1
AM HOF 6

COUNTRY (AUSTRIA)

EXT:

Cable No.

RE LOANS 148 AUA AND 149 AUA PRIOR TO EFFECTIVENESS BANK MUST HAVE NOTIFICATION UNDER SECTION 9.01 OF THE LOAN REGULATIONS THAT EXECUTION AND DELIVERY OF LOAN AGREEMENTS (VOITSBERG-ST. ANDRA AND YBBS-PERSENBEUG PROJECTS) ON BEHALF OF THE VERBUNDGESELLSCHAFT HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL NECESSARY CORPORATE AND GOVERNMENTAL ACTION STOP PLEASE CABLE SUCH NOTIFICATION IMMEDIATELY

UMBRICHT
INTBAFRAD

Signed:

AUTHORIZED BY:

NAME: FRANZ M. OPPENHEIMER

DEPT: LEGAL DEPARTMENT

SIGNATURE:

For Use by Archives Division
Checked for Dispatch

ORIGINAL (File Copy)

(IMPORTANT: See over for guide in preparing Outgoing Wire) 1/x Austria - Ln 149

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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

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

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

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

Code	Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.
Day Letter	Day letters are delivered during the day of transmission and should be used only for messages in the United States and to Mexico and Canada. There is a minimum charge for 50 words in text.
Teletype	To be used only for messages to the New York Office, United Nations, and certain commercial firms. For information, call Cable Post (Ext. 2008).

2. Address

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

3. Text

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

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

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

4. Signature

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

5. Authorization

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

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

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

DISPATCHED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.
OCT 9 1 01 PM 1956
RECEIVED

Austria - Rm 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

Mr.

CLASS OF SERVICE: **FULL RATE**

DATE: **OCTOBER 2, 1956**

TO: **DR. WILHELM TEUFENSTEIN**
MINISTRY OF FINANCE
VIENNA

COUNTRY (**AUSTRIA**)

TEXT:

Cable No.

IN ADDITION TO CONFIRMING DESPATCH OF LEGAL OPINION PLEASE INCLUDE IN YOUR CABLE NOTIFICATION REQUIRED UNDER SECTION 9.01(B) OF LOAN REGULATIONS

REGARDS

OPPENHEIMER

Signed:

AUTHORIZED BY:

NAME: **F. M. Oppenheimer**

DEPT: **Legal**

SIGNATURE: FMO

For Use by Archives Division
Checked for Dispatch
_____

ORIGINAL (File Copy)

√x Austria - Rm 149

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

GUIDE FOR PREPARING OUTGOING WIRES

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

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

Code	Code messages are transmitted at full rate (or IBF Govt.) speed and cost. This rate should be used only for confidential messages to staff members having a code with them.
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Forward messages in triplicate in a cable envelope to Room 210 for despatch. The cable service is open from 9:00 a.m. to 5:45 p.m. on working days. Special arrangements should be made for the despatch of of cables outside of these hours.

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

OCT 9 12 01 PM 1956
RECEIVED
INTERNATIONAL BANK FOR RECONST. AND DEVEL.

Austria - Ln 148

FORM NO. 27
(8-55)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

CLASS OF SERVICE: FULL RATE

DATE: OCTOBER 2, 1956

TO: OSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT
KLAGENFURT
BAUMBACHPLATZ 2

COUNTRY (AUSTRIA)

EXT:

Cable No.

RE LOAN 148 AUA (VOITSBERG-ST. ANDRA PROJECT) PRIOR TO EFFECTIVENESS BANK MUST HAVE NOTIFICATION UNDER SECTION 9.01 OF THE LOAN REGULATIONS THAT EXECUTION AND DELIVERY OF LOAN AGREEMENT (VOITSBERG-ST. ANDRA PROJECT) ON BEHALF OF THE DRAUKRAFTWERKE HAVE BEEN DULY AUTHORIZED AND RATIFIED BY ALL NECESSARY CORPORATE AND GOVERNMENTAL ACTION STOP PLEASE CABLE SUCH NOTIFICATION IMMEDIATELY

UMBRICHT
INTBAFRAD

Signed:

AUTHORIZED BY:
NAME: ~~V. UMBRICHT~~ fmo FRANZ M. OPPENHEIMER
DEPT: ~~ASSISTANT DIRECTOR OF OPERATIONS, EUROPE, AFRICA AND AUSTRALASIA~~ LEGAL DEPARTMENT
SIGNATURE:

For Use by Archives Division

Checked for Dispatch

ORIGINAL (File Copy)

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

GUIDE FOR PREPARING OUTGOING WIRES

1. Class of Service

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Bolivia	Cuba	Guatemala	* Peru
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Chile	El Salvador	* Lebanon	Venezuela
* China	* Ethiopia	Nicaragua	Yugoslavia
Colombia	* France	Pakistan	
Costa Rica	Greece	Panama	

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

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FORM NO. 26
(1.50)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOMING WIRE

DATE OF WIRE: SEPTEMBER 27, 1956 1445

TO: OPPENHEIMER INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FROM: WIEN

ROUTING	
ACTION COPY TO	MR OPPENHEIMER
INFORMATION COPY TO	
Decoded By	

TEXT:

RECHTSGUTACHTEN ZU ANLEIHEABKOMMEN NUMMER 148 UND 149 SIND LAUT

ENTWURF EBEN PER LUFTPOST AN SIE AUFGEGEBEN WORDEN. FREUNDLICHEN GRUSS

KASTNER

DUPLICATE

DUPLICATE

INTERNATIONAL BANK FOR
RECONST. AND DEVEL.

SEP 27 10 59 AM 1956

Files
Austria - Ln 148

DR. RUDOLF STAHL
GENERALDIREKTOR DER ÖSTERREICHISCHEN
ELEKTRIZITÄTSWIRTSCHAFTS-AG.
(VERBUNDGESELLSCHAFT)

WIEN I,
AM HOF 6
TEL.: U 29-6-60

25.9.1956.

U.

Herrn
Dr.Victor U m b r i c h t ,
International Bank for Reconstruction
and Development

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

Lieber Herr Umbricht !

Wie ich Ihnen in Washington gesagt habe, sind wir mit der Firma Glore Forgan & Co. in Verbindung getreten, um den Boden für eine spätere Emission vorzubereiten.

Glore Forgan & Co. würde nun grossen Wert darauf legen, wenn es möglich wäre, in den letzten Bericht, den die Weltbankdelegation über Österreich gemacht hat, Einsicht nehmen zu können und ich bitte Sie mir mitzuteilen, welche Schritte unternommen werden müßten,damit dieser Wunsch erfüllt wird.

Mit herzlichen Grüssen bin ich

Ihr ergebener

Documents sent to
G. Martin.

ack. Oct. 8/56

Ln 149

Mr. Rigby

Room A-306

OESTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

Klagenfurt, September 25, 1956.

No. SR/St/Wag

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

Subj: Evidence of Authorization and Identification of Signatures.

In answer to your letter of September 17, 1956 we are pleased to state that in our letter of September 4, 1956 (inadvertently mis-dated by you as of August 4, 1956), to which we had enclosed the Evidence of Authority and Identification of Signature in accordance with Article VIII Sec. 8.02 of the Loan Regulations, we erroneously referred to Loan Regulation 4 of October 15, 1952. This reference should of course have read: Loan Regulations No. 4 of February 15, 1955.

Please excuse the error and we remain,

Sincerely,

OESTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT
/s/ /s/

TRANSLATION SECTION

Translated From: German 10.16.56 By: LAP

RE - 28

Basic Data - Loans Nos. 148-AUA & 149-AUA

9-21-56

AUSTRIA - V.G. POWER PROJECTS

1. Joint Borrowers
   a) Osterreichische Elektrizitatswirtschafts A.G. (Verbundgesellschaft)(or V.G.)
   b) Loan 148-AUA: Draukraftwerke A.G.
      Loan 149-AUA: Donaukraftwerke A.G.

   Guarantor: Republic of Austria

		148-AUA	149-AUA
2.	Loan Numbers		
3.	Loan Amounts	$10,000,000	$21,000,000
4.	Dates Loans Signed	September 21, 1956	September 21, 1956
5.	Effective Dates	October 9, 1956	October 9, 1956
6.	Closing Dates	December 31, 1958	December 31, 1959
7.	Periods of Grace	3 years	3½ years
8.	Terms of Loans	20 years	25 years
9.	Exchange Rates	US$ 1 = 26 schillings	US$ 1 = 26 schillings
10.	TOD Report	115	115
11.	TOD Report Date	August 6, 1956	August 6, 1956
12.	Interest Rate	5%	5%
13.	Commitment Charge	3/4%	3/4%
14.	Amortization		
	First payment:	September 1, 1959 $182,000	January 15, 1960 $267,000
	Last Payment:	September 1, 1976 $422,000	July 15, 1981 $773,000

15. Objective

The projects are part of a power expansion program for the years 1956/1960 being carried out by the Verbundgesellschaft Combine to meet the increasing demand of Austrian industry and to supply additional power for export to neighboring countries.

16. Justification

Despite extensive development of its hydroelectric power resources, Austria must import electric power during the winter months when production from hydro plants is reduced because of the low flow of the rivers.

The current expansion program, of which the projects financed by the two loans are a part, is designed to meet the estimated future growth of demand until 1961/62. It will permit a relative reduction in power imports and provide some additional power for export.

17. Project Description

Loan 148-AUA

The project consists of the expansion of two thermal plants, by the addition of a 65,000 kw unit to the existing 60,000 kw already installed at Voitsberg and the addition of 100,000 kw of capacity to the 67,500 kw already installed at St. Andrae.

Loan 149-AUA

The Ybbs-Persenbeug project consists of the construction of a large run-of-the-river hydro plant on the Danube, 130 km upstream from Vienna. When completed, the plant will have a capacity of 192,000 kw from six generating units installed in two powerhouses.

18. Phasing

(a) Construction Schedule

The Voitsberg expansion is expected to be completed in October 1956. Construction of the St. Andrae expansion is expected to start in January 1957 and to be completed by the end of 1958.

The Ybbs-Persenbeug project is expected to be completed in 1959. Two units are expected to go into operation by the end of 1957, and a third one in the Spring of 1958.

(b) Financial

The total cost of each of the three projects is estimated as follows (in millions of Schillings):

Voitsberg	175.0	(equivalent to $6.7 million)
St. Andrae	394.0	(" " $15.2 million)
Ybbs-Persenbeug	2,366.0	(" " $91.0 million)

The rate of expenditures on the projects is expected to be as follows (in millions of Schillings):

	Spent to end of 1955	1956	1957	1958	1959	Total
Voitsberg	96.2	75.1	3.7	—	—	175.0
St. Andrae	—	18.5	193.0	182.5	—	394.0
Ybbs-Persenbeug	519.0	595.0	650.0	401.0	201.0	2,366.0
Total	615.2	688.6	846.7	583.5	201.0	2,935.0

The loans will provide 806 million schillings ($31 million), or 27% of the total cost of the projects (2,935 million schillings). The amount of foreign exchange required for the three plants is estimated at $5.1 million.

Withdrawals from the loan accounts are expected to be made at the following rate:

	(millions of Schillings)				
	1956	1957	1958	1959	Total
Loan 148-AUA					
Voitsberg	75.1	3.7	—	—	78.8 ($ 3 m)
St. Andrae	8.5	88.8	83.9	—	181.2 ($ 7 m)
					260.0 ($10 m)
Loan 149-AUA					
Ybbs-Persenbeug	374.0	172.0	—	—	546.0 ($21 m)

The maximum annual amounts which may be withdrawn on account of local currency expenditures (as determined in side letters) are the following:

	1956	1957	1958	1959	Total
		(Equiv. in thousands of dollars)			
Loan 148-AUA - Draukraftwerke					
St. Andrae	196	1,926	1,893		4,015
Voitsberg		no limitation			2,631
Loan 149-AUA - Donaukraftwerke					
Ybbs-Persenbeug	13,400	4,600			18,000

(c) Other Sources of Funds

The balance of funds needed for the construction of the three plants, as well as the total amounts required for the execution of several other projects included in the V.G. Combine's current expansion program for the period 1956/1960, will come from retained earnings, equity contributions from the Austrian Government, long-term borrowings on the local market, and from ERP Funds. V.G. will also obtain considerable short-term financing from 1956 to 1958, which it expects to repay in 1959 and 1960.

19. Lists of Goods

(see attached lists)

20. Borrower's Organization

A law of March 1947 nationalized all electric energy production, transmission and distribution in Austria, except industrially-owned power plants producing energy for their own use and small power companies with generating plants of 200 kw or less. The law established four "special companies" (including the Draukraftwerke and the Donaukraftwerke) to be jointly owned by the Federal Government and the provinces to operate some of the larger plants, and a company 100% federally owned to construct, own and operate a transmission system interconnecting the plants of the special companies. This latter company, the Verbundgesellschaft (V.G.), was designated as the Government's trustee for the shares which it owns in the special companies. The V.G. is, in effect, a federally-owned holding company, since the Government holds over 50% of the shares of the special companies.

The V.G. has a Board of Directors of 24 members, eight of whom are nominated by the Government, eight by the provinces and eight by interests of the power consumers. A managing Board is appointed by the Board of Directors for a term of five years to carry on the day-to-day operations of the V.G.

The relationship between the V.G. and the special companies is similar, in many ways, to that of a parent company with its subsidiaries. The V.G. does not purchase energy from the special companies, but pays to them their actual cost of operation. At the end of each fiscal year the V.G. allocates to each of the special companies a part of the net profit of the group. The distribution of profits has mainly been done in such a way as to result in the lowest payment of taxes for the entire group. The V.G. also decides what investment in new facilities will be made by each of the special companies and allocates the funds required.

The Draukraftwerke (DKW) owned five generating stations at the end of 1953, with a total capacity of 216,800 kw. DKW's Board of Directors consists of 13 members, five of whom represent the V.G., two the Federal Government, two the workers, and five the shareholders, which are the provinces of Carinthia, Styria, Lower Austria and the City of Vienna. The Company is managed by two managing directors, appointed by the Board. The managers have a wide latitude in carrying on the day-to-day operations within the framework of the financial and other controls exercized by the V.G.

The organization and management of the Donaukraftwerke are very similar to those of the Draukraftwerke. Donaukraftwerke is not yet operating; Ybbs-Persenbeug will be its first plant.

21. Design, Supervision and Construction

Design and supervision of construction will be the responsibility of the engineering staffs of Draukraftwerke and Donaukraftwerke. Construction of the three plants will be carried out by Austrian contractors.

22. Extracts from the Loan Agreements:

Loan 148-AUA

5.08 During the period of the Program of which the Project is a part, the Verbundgesellschaft shall consult with the Bank on any major construction not already included in the Program and requiring for its completion substantial capital investment. The Verbundgesellschaft shall undertake, and shall permit any affiliated company to undertake, such construction only after the Bank, the Guarantor and the Verbundgesellschaft have mutually agreed that the financing thereof is reasonably assured and that the Program will not be impaired thereby.

Schedule 3 - Modifications of Loan Regulations No. 4

(b) The first two sentences of Section 3.01 shall read as follows:

"The Draukraftwerke shall use reasonable efforts to purchase goods with the currencies of the countries from which such goods are acquired. The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for; except that with respect to goods paid for in the

currency of the Guarantor or acquired from sources within the territories of the Guarantor such withdrawals may, to the extent that the Bank shall so elect, be made in any currency selected by the Bank."

(c) The following paragraph shall be added to Section 3.05:

"If a withdrawal is applied for on account of expenditures in the currency of the Guarantor, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank."

(d) Section 4.01 shall read as follows:

"Withdrawal from the Loan Account. The Borrowers shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account:

(a) (i) Such amounts as shall be required by the Borrowers to reimburse them for the reasonable cost of goods that have neither been paid for in the currency of the Guarantor nor been acquired from sources within the territories of the Guarantor;

(ii) if the Bank shall so agree, such amounts as shall be required by the Borrowers to meet the reasonable cost of such goods; and

(b) Such amounts as shall be required by the Borrowers to reimburse them for such portions as the Bank may from time to time agree to of the reasonable cost of goods that have been paid for in the currency of the Guarantor or acquired from sources within the territories of the Guarantor.

Except as shall be otherwise agreed between the Bank and the Borrowers, no withdrawals shall be made on account of (a) expenditures before January 1, 1956 or (b) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.*"

Loan 149-AUA
5.08 (same as 5.08 above)

Schedule 3 - Modifications of Loan Regulations No. 4
(b) (c) (d) (substantially the same as above)

23. Extracts from the Guarantee Agreements

(Standard provisions)

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* On May 10, 1956, the Executive Directors decided that in view of the special relationship established between the Bank and Switzerland by the Agreement of June 29, 1951, the Bank should agree, if so requested by borrowers, to permit loan proceeds to be used to finance expenditures in the territories of Switzerland or for goods produced in (including services supplied from) such territories.

24. Side Letters

Side letters applying to both loans

(a) A letter dated August 20, 1956, from V.G. to the Bank stating that the Verbundgesellschaft will continue its policy of retaining its net earnings to finance expansion. The V.G. will, whenever necessary, apply for tariff increases in amounts sufficient to enable it and its associated special companies to cover operating expenses, depreciation, interest, taxes and a reasonable return on their investment.

(b) A letter dated September 5, 1956, from the Austrian Minister of the Interior to the Austrian Minister of Finance, confirming that an average increase of 19.5% in power rates would become effective on May 1, 1957.

(c) A letter dated September 21, 1956, from V.G. to the Bank attaching a memorandum dated May 8, 1956, describing V.G.'s expansion program for the period 1956 - 1960 (see Annex No. 3).

(d) A letter dated September 21, 1956 from the Bank to V.G., confirming that the completion of the three plants (Ybbs-Persenbeug, St. Andrae and Voitsberg) should have first claim on all investment funds available to V.G. and its two affiliated companies concerned, and could not be postponed because of the financial requirements of other parts of the program, except as mutually agreed by the Bank.

Loan No. 148-AUA

(e) A Participation Agreement dated September 1, 1956, between the Bank and Manufacturer's Trust Company of New York, in the amount of $182,000 for Loan 148-AUA.

(f) A letter dated September 21, 1956, from the Bank to V.G. concerning the amounts which can be withdrawn from the Loan Account in 1956 and 1957 for portions of local currency expenditures on the project.

Loan No. 149-AUA

(g) A Participation Agreement dated September 21, 1956, between the Bank and Manufacturer's Trust Company in the amount of $267,000 for Loan 149-AUA.

(h) A letter dated September 21, 1956, from the Bank to V.G. concerning the amounts which can be withdrawn from the Loan Account in 1956 and 1957 for portions of local currency expenditures on the project.

Engineer: A. D. Spottswood

End-Use: A. D. Spottswood
P. A. Kanters
J. Filippi

Area: S. P. Wheelock

Annex No. 1

Loan No. 148-AUA

OSTERREICHISCHE DRAUKRAFTWERKE AKTIENGESELLSCHAFT

LIST OF GOODS

	U.S. Dollars
A. St. Andra Project	
I. Goods to be Imported	
Turbine and accessories, boiler accessories, transformers, pipes and mechanical equipment	2,504,000
II. Goods to be Purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	4,015,000
Total St. Andra Project	6,519,000
B. Voitsberg Project	
I. Goods to be Imported	
Turbine and miscellaneous equipment	400,000
II. Goods to be Purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	2,631,000
Total Voitsberg Project	3,031,000
C. Interest, Commitment and Other Charges on the Loan	450,000
T O T A L	10,000,000

dated September 21, 1956

Annex No. 2

Loan No. 149-AUA

OSTERREICHISCHE DONAUKRAFTWERKE A.G.

LIST OF GOODS

		U.S. Dollars
I.	Goods to be imported	
	Turbine, electrical and mechanical equipment, various machines, tools and miscellaneous items	2,000,000
II.	Goods to be purchased in Austria	
	Miscellaneous goods paid for in the currency of the guarantor or acquired within the territories of the guarantor	18,000,000
III.	Interest and other charges	1,000,000
	T O T A L	21,000,000

dated September 21, 1956

Annex No. 3

The Verbundgesellschaft's Expansion Program for 1956 - 1960

Construction Program

	1956	1957	1958	1959	1960	Total
	(Capacities in MW)					
Hydro Power Stations						
Kaprun (main station and upper station together)	8.0					8.0
Jochenstein 1/	32.5	7.5				40.0
Reisseck-Kreuzeck	20.0	40.0	20.0	8.0		88.0
Ybbs-Persenbeug		62.0		130.0		192.0
Schwarzach-St. Veit			30.0	90.0		120.0
Steam Power Stations						
Voitsberg	65.0					65.0
St. Andra			100.0			100.0
Grand Total	125.5	109.5	150.0	228.0	-	613.0
Transmission Lines			(Kilometers)			
110 kv	45.4		81			126.4
220 kv		6.5	232			297.5
220 kv						180.0 2/

1/ This plant is being constructed jointly by Austria and Germany. The capacity shown is the Austrian share of the 80 MW to be installed.

2/ Line from Kaprun to Oetz; the amount to be constructed in each year not yet determined.

Estimated Cost of the Construction Program

	1956	1957	1958	1959	1960	Total 1956-1960
			(Millions of schillings)			
Companies and Projects						
Donaukraftwerke A.G.						
Ybbs-Persenbeug	595.0	650.0	401.0	201.0	-	1,847.0
Draukraftwerke A.G.						
Reisseck-Kreuzeck	276.2	231.6	113.0	18.4	-	639.2
Voitsberg	75.1	3.7	-	-	-	78.8
St. Andra	18.5	193.0	182.5	-	-	394.0
Minor investments and planning	28.6	6.0	4.0	2.0	2.0	42.6
Ennskraftwerke A.G.						
Minor investments and planning	22.6	4.0	2.0	2.0	2.0	32.6
Jochenstein A.G.						
Jochenstein (Austrian part)	139.5	92.4	-	-	-	231.9
Tauernkraftwerke A.G.						
Kaprun (completion)	75.4	20.0	-	-	-	95.4
Schwarzach-St. Veit	313.6	393.4	227.5	32.7	4.4	971.6
Minor investments and planning	22.1	11.0	3.0	2.0	2.0	40.1
Verbundgesellschaft						
Transmission lines & substations	88.0	192.0	192.0	116.0	95.0	683.0
Thermal Plants to be completed 1961-1962	-	20.0	200.0	250.0	130.0	600.0
Total Construction Program	1,654.6	1,817.1	1,325.0	624.1	235.4	5,656.2
Amortization	108.2	106.4	143.8	163.1	170.9	692.4
Grand Total	1,762.8	1,923.5	1,468.8	787.2	406.3	6,348.6

THE V.G. NETWORK AND INTERCONNECTED PLANTS
SHOWING
PROJECTS PROPOSED FOR BANK FINANCING

LEGEND

- PROJECTS PROPOSED FOR BANK FINANCING
- V.G. COMBINE
  - Hydro plants
  - Thermal plants
  - 220KV Transmission lines
  - 110KV Transmission lines
  - Transmission lines to be constructed
- PROVINCIAL COMPANIES
  - Hydro plants
  - Thermal plants
  - Transmission lines
- PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES

0 10 20 30 40 50KM

CZECHOSLOVAKIA
GERMANY
SWITZERLAND
ITALY
HUNGARY
YUGOSLAVIA
DANUBE RIVER
INN RIVER
Lake Constance
RHEIN RIVER
Bregenzer Ach
BREGENZ
VORARLBERG
RODUND
VERMUNT
OBERVERMUNT
LÜNERSEE
ILL R.
IMST
ÖTZ
INN RIVER
ACHENSEE
KIRCHBICHL
GERLOS
BÖSDORNAU
Ziller River
TIROL
(International Co.) BRAUNAU
RANSHOFEN
SALZBURG
SALZACH RIVER
JOCHENSTEIN (International Co.)
RANNA
PARTENSTEIN
LINZ
OBER-ÖSTERREICH
Traun R.
TIMELKAM
ROSENAU
TERNBERG
GR. RAMING
STANING
Ybbs R.
YBBS-PERSENBEUG
DANUBE RIVER
NIEDER-ÖSTERREICH
GAMING
OPPONITZ
Ybbs River
BISAMBERG
SIMMERING
WIEN
NIEDERLAND
BURGEN
SCHWARZACH
ARTHURWERK
Haupt. Ober. KAPRUN
SALZBERG
ENNS RIVER
LIEZEN
HESSENBERG
DIONYSEN
PERNEGG
LAUFNITZDORF
MUR RIVER
STEIERMARK
VOITSBERG
ARNSTEIN
Lavant
Kainach R.
ST. ANDRÄ
SCHWABECK
LAVAMÜND
MUR RIVER
DRAU RIVER
OST-TIROL
KALSERBACH
Isel R.
Möll River
REISSECK-KREUZECK
DRAU RIVER
LANDSKRON
KÄRNTEN

MAY 1956

IBRD-264

Austria - Ln 149

September 21, 1956

Dr. Ernst Wagner
Kärntnerring 10
Vienna 1, Austria

Dear Dr. Wagner:

Thank you very much for your continual press service. To have this look at the Austrian press has been very helpful for us here in understanding the background of Dr. Teufenstein's mission here.

All has now come to an, I believe, very satisfactory end; the Loan and Guarantee Agreements have just been signed by Ambassador Gruber and Mr. Iliff. I enclose for your confidential background information a copy of a personal letter to Dr. Krebs. I am also enclosing a copy of a letter to Dr. Kastner.

With best regards,

Yours as ever,

Franz M. Oppenheimer

Enclosures

FMOppenheimer:vv

LX Ln 149 AUA

Austria - Ln 148

FORM NO. 27
(11-53)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

DATE: SEPTEMBER 21, 1956

TO: KASTNER
FERSTELGASSE 1
VIENNA IX, AUSTRIA

CLASS OF SERVICE DESIRED			
NIGHT LETTER	X	CODE	
FULL RATE		TELETYPE	

TEXT: VOITSBERG ST ANDRA UND YBBSPERSENBEUG ANLEIHE UND BUERGSCHAFTS
VERTRAEGE MIT DATUM 21 SEPTEMBER SOEBEN VON ILIFF UND GRUBER
UNTERZEICHNET STOP ANLEIHENUMMERN VOITSBERG ST ANDRA
HUNDERTACHTUNDVIERZIG AUA UND YBBSPERSENBEUG HUNDERTNEUNUNDVIERZIG
AUA GRUESSE

OPPENHEIMER

For Use by Archives Division
Checked for Dispatch
_____

AUTHORIZED BY:

NAME F.M. Oppenheimer

DEPT. Office of General Counsel
FMOPPENHEIMER/fs

FILE COPY

√X Austria - Ln 149

DISPATCHED
INTERNATIONAL BANK FOR
RECONST AND DEVEL.
SEP 21 5 18 PM 1950

Austria - Ln 148

Mr. W. A. B. Iliff September 21, 1956

Victor Umbricht

Re Short Statement at the Signing of Austrian Loans.

Mr. Ambassador,

This is now the third occasion on which you have visited us for one of these ceremonies and it brings the amount that the Bank has lent for power production in your country up to $53 million. T his is a symbol of our conviction of the importance, both for Austria herself and for her neighbors, of the development of the power resources of your country. We have been greatly impressed by thesstory of Austria's economic reconstruction and growth since the last war, complicated though it was until very recently by a military occupation. In this story, the task of meeting the rapidly growing demand for electric power has not been easy and we are glad that the Bank has been able to be of assistance in it. We think that it has been good business, both for you and for us.

May I also express our appreciation to you and to Dr. Teufenstein for the able way in which you and your colleagues have worked with us in the negotiations over these loans, both last May and during the last ten days. It has been a great help in overcoming various questions which at one time or another cropped up, but which have now all been solved. I can only wish that the Austrian Electricity Company, which was faced by some serious problems, will now find its task somewhat easier.

JHC/VU/jcf

✓x Austria - Ln 149

(148) Austria-
13 Ln 148

September 21, 1956

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

Gentlemen:

Referring to the Loan Agreement (Voitsberg-St. Andrä Project) of even date, there is attached hereto a List of Goods to be purchased out of the proceeds of the Loan to which we request your agreement in accordance with Section 3.01 of said Loan Agreement.

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

Yours sincerely,

ÖSTERREICHISCHE DRAUKRAFTWERKE
AKTIENGESELLSCHAFT

By

Authorized Representative

Confirmed:

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

List of Goods.

OSTERREICHISCHE DRAUKRAFTWERKE AKTIENGESELLSCHAFT

LIST OF GOODS

	U. S. Dollars
A. St. Andrä Project	
I. Goods to be Imported	
Turbine and accessories, boiler accessories, transformers, pipes and mechanical equipment	2,504,000
II. Goods to be Purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	4,015,000
Total St. Andrä Project	6,519,000
B. Voitsberg Project	
I. Goods to be Imported	
Turbine and miscellaneous equipment	400,000
II. Goods to be Purchased in Austria	
Miscellaneous goods paid for in the currency of the guarantor or acquired from sources within the territories of the guarantor	2,631,000
Total Voitsberg Project	3,031,000
C. Interest, Commitment and Other Charges on the Loan	450,000
TOTAL	10,000,000

WORLD BANK

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

Press Release No. 458
September 21, 1956

Subject: $31 million of loans in Austria.

The World Bank today made two loans totaling $31 million for electric power expansion in Austria. The projects being financed are part of a power expansion program being carried out to meet the increasing demands of Austrian industry and to supply additional power for export to neighboring countries.

The Manufacturers Trust Company participated in the loans, without the World Bank's guarantee, to the total of $449,000. This amount represents the first maturity of each of the loans.

One loan, of $21 million, was made for the Ybbs-Persenbeug project, a large run-of-the-river hydroelectric plant being constructed on the Danube about 80 miles up the river from Vienna. This project was started in 1953 and is being built by the Donaukraftwerke (Danube River Power Company). It will have a capacity of 192,000 kilowatts from six generating units installed in two power houses. Three of the units are expected to be in operation in the early part of 1958 and the others by the end of 1959.

The second loan, for $10 million, will be used for the expansion of two thermal power plants, using domestic brown coal for fuel, in southwestern Austria: one at Voitsberg and the other at St. Andrae. They are being constructed by the Draukraftwerke (Drau River Power Company). The expansion will consist of the addition of a 65,000-kilowatt unit to the existing capacity of 60,000 kilowatts at Voitsberg, and the addition of 100,000 kilowatts of capacity at the 67,500-kilowatt plant at St. Andrae. The Voitsberg plant is expected to be complete in October 1956. Construction at St. Andrae will start in January 1957 and be finished by the end of 1958.

The co-borrower in each loan is the Verbundgesellschaft (Austrian Electric Power Corporation), a government-owned corporation, established in

1947. The Corporation operates most of Austria's high tension transmission system and controls the operations of four government-owned power generating companies, including the Donaukraftwerke and the Draukraftwerke.

The Verbundgesellschaft and its affiliated companies, together with other public companies connected with the Corporation's transmission system, operate about 1.7 million kilowatts of generating capacity, or about 77% of the total in Austria. The projects being financed by today's loans will provide 357,000 kilowatts of new capacity and are part of the Verbundgesellschaft's expansion program which will add 612,000 kilowatts of installed capacity by 1960. The program also includes two more thermal power plants, the completion of four hydroelectric plants, and new transmission lines and transformer and switching stations.

The rapid rise in industrial production in Austria since the war has necessitated large increases in power capacity. But despite extensive development of its hydroelectric power resources, Austria still has little reserve capacity; power has to be imported during the winter months when production from hydroelectric plants is curtailed because of the low flow of the rivers. The Verbundgesellschaft's expansion program is designed to meet the estimated future growth of demand until 1960. It will also permit the reduction of power imports and provide some additional power for export to neighboring countries. Austria already exports power to Italy and Germany and arrangements are in prospect for exports to France and Czechoslovakia.

The $21 million loan was made to the Donaukraftwerke and the Verbundgesellschaft. It is for a term of 25 years and bears interest of 5% including the statutory 1% commission charged by the Bank. Amortization will begin January 15, 1960. The $10 million loan was made to the Draukraftwerke and the Verbundgesellschaft and is for a term of 20 years, bearing interest of

5%. Amortization of this loan will begin September 1, 1959. Both loans are guaranteed by the Government of Austria.

The Bank's loans will finance about 23.5% of the combined cost of the three projects estimated to be equivalent to $113 million. About $5.1 million of the loans will pay for imported equipment; the remainder will be used for expenditures incurred in Austria.

The Bank has now lent a total equivalent to $53 million in Austria for electric power projects which will have a combined power generating capacity of 667,000 kilowatts. The previous loans were $12 million for the Reisseck-Kreuzeck hydroelectric plant in southern Austria from which some power will be exported to Italy, and $10 million for the Lunersee plant in western Austria from which most of the power will be exported to Germany.

After having been approved by the Bank's Executive Directors the loan documents were signed today by His Excellency Dr. Carl Gruber, Austrian Ambassador in Washington, on behalf of the Austrian Government and of the borrowers, and by W.A.B. Iliff, Vice President, on behalf of the World Bank.