

fin. dn 70

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

FOR THE PRESS

PRESS RELEASE NO. 311

FOR IMMEDIATE RELEASE
Thursday
November 13, 1952

The International Bank for Reconstruction and Development today made its first loan in Swedish currency. It lent 18,000,000 Swedish kronor (approximately \$3,500,000) to the Bank of Finland for the modernization and expansion of Finland's wood-products industry.

This is the fifth loan the Bank has made entirely in European currencies. Iceland has received three, totaling the equivalent of \$4,312,000 and Yugoslavia has received one, equivalent to \$28,000,000. The Swedish kronor were made available for today's loan by the Swedish Government from the paid-in portion of Sweden's subscription to the capital of the Bank.

The loan will supplement the \$9,500,000 which the Bank made available for the Finnish wood-products industry in a \$20,000,000 loan last April, and will finance equipment to be purchased in Sweden. The equipment will be used in a program being carried out by Finnish companies to increase production of chemical pulp, newsprint, paperboard, cardboard and other wood products. Timber is Finland's most important source of wealth and the wood-products industry accounts for about 90% of Finland's exports.

The Bank has now made four loans in Finland totaling the equivalent of \$38,300,000. Of this amount, about \$25,700,000 has been for the timber and wood-products industries. A timber loan of \$2,300,000 was repaid in full in September 1951.

The new loan is guaranteed by the Government of Finland. The Bank of Finland will re-lend the proceeds to companies which are carrying out the expansion program. Like the loan made in April 1952, this loan is for a term of 18 years and bears interest of 4-3/4% per annum, including the 1% commission which, under the Bank's Articles of Agreement, is allocated to a special reserve. Amortization payments will begin on December 1, 1955.

After having been approved by the Bank's Executive Directors, the Loan Agreement was signed by Mr. Veikko Makkonen, First Secretary of the Legation of Finland, on behalf of the Bank of Finland, and by Robert L. Garner, Vice President, on behalf of the International Bank for Reconstruction and Development. The Guarantee Agreement was signed by His Excellency, Johan A. Nykopp, Finnish Minister in the United States, on behalf of the Republic of Finland, and by Mr. Garner on behalf of the Bank.