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INTERNATIONAL CAPITAL MARKETS

World Bank off to a fast start

BY DAVID MARSH IN LONDON

THE World Bank, one of the most prolific borrowers on the international bond markets, has made a lightning start to this year's fund-raising programme. According to its treasurer, Mr Eugene Rotberg, the Bank has tied up nearly \$3bn of borrowings during the last six weeks or so, or almost half the total of \$6.6bn it plans to raise during the financial year which began on July 1.

Next month the Bank is considering launching a public yen issue on the Tokyo market. Sometime this autumn it is also likely to make a further Swiss franc issue direct to foreign central banks, along the lines of the two SwFr 200m issues

of this type which were placed in September 1979 and March this year.

The borrowing total during the last six weeks includes several publicised transactions in dollars, Deutsche Marks and Swiss francs as well as a number of private placements.

In D-Marks, the Bank has completed a total of DM 2bn in public and private placements over this period. This is substantially more than the DM 200m private placement and the DM 700m public offering (of which DM 200m was placed directly with Saudi Arabia) that have so far come to the bond market's attention.

The Swiss franc borrowings from central banks, as well as the D-Mark transaction with Saudi Arabia, have been made with the full compliance of the Swiss and German authorities.

Mr Rotberg says he has detected "no policy decisions" by central banks outside the U.S. to allow their currencies to become more widely available for use in official reserves. But such central banks generally do not object if their currencies are built up in long term portfolios - and he points out that official investment across the whole Eurobond market is now substantial.

Reflecting the number of place-

ments that the World Bank has made in the past - in various currencies - to the oil producers, about \$4.5bn of the Bank's \$30bn outstanding debt is held by OPEC institutions. Of this year's \$6.6bn fund-raising target, about \$1bn is planned to be borrowed directly or indirectly from the oil states.

Mr Rotberg adds that eventually the Bank will explore the possibility of raising loans in sterling on the London capital market. But it tends to concentrate its borrowings on the relatively low interest rate currencies - the average interest on the loans made so far this financial year has been 8½ per cent - and UK rates at moment are still "too high."