

(b) The treasurer's department of Socony Mobil prepares regularly for senior management a review of all operations of the corporation which have a bearing on the U.S. balance of payments.

Recommendation No. 26

U.S.-based international corporations should, where feasible, finance their foreign operations in a manner which minimizes the outlay of cash.

(a) GM is planning to finance a new plant in Antwerp. The required funds will be provided by retained earnings and borrowings in local currency to be repaid out of future earnings. The company has not released figures indicating the amounts involved, but newspapers have noted that the project could involve expenditures equivalent to approximately \$100 million. Borrowing arrangements are now being negotiated by the company. It is expected that the major part of the borrowing will be in the form of 5-year loans by Belgium's Societe Nationale de Credit a' L'Industrie and a consortium of banks in Belgium. Under the provisions of Belgium's 1959 incentive law, the Government has agreed to grant a reduction of 2½ percent in the rate of interest to be charged during the first 2 years on one-half of the long-term borrowing.

(b) IBM World Trade has for some time sought to make maximum use of foreign source financing and hopes to increase such this year.

(c) Chrysler is planning approximately \$250 million of expenditures overseas in 1965 and 1966, principally in Australia, France, Canada, and South Africa. The company has stated that substantial funds for such expenditures will come from reinvestment of earnings of foreign subsidiaries or from borrowing outside the United States.

(d) Hilton International has scheduled five new hotels for opening in 1965, all of which will make use of foreign capital for fixed assets. Hilton will provide working capital and accept a lease for operating the units.

(e) Kennecott Copper Co. is working on an agreement with the Chilean Government under which capital for expansion of the Braden Mine will be supplied by the Government and by international lending agencies.

(f) Ford Motor Co. is expected to announce an £8 million sterling long-term debenture by its Australian company. Carrying at least 7¼ percent interest, this debenture will be guaranteed both on capital and income by the parent company.

Henry Ford 2d has said that the company plans to finance virtually all of its expenditures for foreign facility investments in 1965 through funds generated outside the United States, and that these expenditures are estimated at about \$300 million.

(g) Socony Mobil has formed a subsidiary company, Mobil Oil Holdings S.A., in Luxembourg, specifically to raise funds overseas. The funds will be used to assist in financing the capital needs of Mobil affiliates outside the United States. None of the securities of the new subsidiary will be offered for sale in the United States. On June 16, 1965, Mobil announced completion of arrangements to raise the equivalent of nearly \$28 million through the public issuance of bonds by such subsidiary. The bonds will carry an interest coupon of 5½ percent and be offered at a price of 97 to yield approximately 6.05 percent to maturity. The bonds will not be offered for sale in the