

2. *Manufacturing*.—Manufacturers of durable goods will individually borrow from \$3 to over \$20 million abroad through local foreign banking and other credit facilities. Funds will be obtained primarily in the United Kingdom, Germany, Canada, Belgium, and Switzerland. In cases where commitments were listed, a total of \$10 million will be borrowed in Belgium, \$4 million in the United Kingdom, and \$2 million in Germany. It was noted that oversea borrowing by foreign subsidiaries has become difficult because of heavy previous borrowing.

3. *Rubber*.—Rubber companies have been substantial borrowers of funds abroad. A typical company hopes to borrow about \$20 to \$30 million abroad in 1965 to finance new construction, expansion, and modernization of foreign affiliates. Funds will be obtained largely through short or long-term bank credit in host countries.

4. *Transportation equipment*.—Manufacturers of automobiles, automotive products, and other transportation equipment will borrow heavily abroad during 1965. In some cases, foreign financing will exceed \$50 million. Funds will be secured primarily from Germany, France, and the United Kingdom. In keeping with traditional policy, foreign expenditures will be restricted to amounts which can be financed through loans in local currencies and cash flows generated abroad.

5. *Petroleum*.—The international oil companies have large outstanding foreign credits, but only a few companies expect important net increases. Where increases are indicated they will involve drawings under standby agreements with British, Dutch, and Swiss banks. A large corporate bond issue has been considered in the German market. One company indicated the intention to borrow nearly \$100 million during 1965.

6. *Chemicals*.—Some chemical firms have given a good deal of study to foreign borrowing and have investigated a variety of arrangements. Borrowing by local affiliates is being buttressed by parent company guarantees in the case of one major firm. Insurance company loans, leaseback arrangements and mortgage possibilities have been considered in addition to bank loans. A firm with an active investment program underway has loan commitments totaling \$30 million from Italian, British, and French banks. Typical borrowing mentioned by chemical companies were for small net increases in bank credit from a variety of sources. Equity financing is being used extensively in this industry, including even some of the less-advanced countries such as Spain.

(r) The Federal Reserve Bank of New York states that the U.S. banking system and nonbank financial institutions have responded wholeheartedly to the voluntary restraint program. As a result, the growth of bank credit has been effectively restricted and the balance-of-payments position has greatly improved.

(s) Du Pont of Canada, Ltd., recently offered 500,000 shares at \$53.50 per share (\$26,750,000) to Canadian investors.

(t) Scott Paper of Canada, Ltd., recently offered 35,400 shares at \$26.25 per share (\$929,250) to Canadian investors.