

Mr. REES. In the payback of soft-window loan, the two subsidiaries would be a lower interest rate and perhaps the ability of the country to pay back in soft currency?

Mr. BLACK. No, if you make a soft loan in dollars, the repayment will be in dollars. It will not be in the currency of the country.

Now, the soft part of it will be the amortization period before you start making payments and the interest rate and also the ultimate term. This is the soft part as compared to what you call the hard loan.

Now, countries that get that will be countries that are troubled with balance-of-payments problems or who would not be able to service their loan requirements on conventional terms. But it would not be a case at any time of lending convertible currency and getting paid back in local currency.

That is not what we mean by soft loans. Whatever currency is loaned, it is paid back in that currency.

Mr. REES. Has the Asian Development Bank planned to go out into the open market and sell bonds?

Mr. BLACK. That is right.

Mr. REES. Have you sold any yet?

Mr. BLACK. No; it would be premature to sell the bonds because the Bank hasn't been in business long enough, and the Bank has only made so far one loan. They have made their first loan to a development bank in Thailand. They are looking at several other loans now. But the Bank has made plans to sell these bonds. They have selected their bankers on Wall Street, and it takes quite a long time to make preparations to sell a bond issue.

For example, if you sell bonds in the United States, you have to go to all the important States and get the States to pass legislation to make these bonds eligible for investment by insurance companies or savings banks or fiduciary funds.

Now, the Bank is in the process of doing this today, so that they are not ready to sell bonds yet, but they will be able to sell bonds, I suppose, within a year or a year and a half, something of that sort.

Mr. REES. As a member of the subcommittee I would like to endorse the efforts which are being made in this area. I think the whole future of developing the less-developed countries is through these regional projects, and I am pleased that you are making the excellent progress that you are making.

Mr. REUSS. Mr. Mize?

Mr. MIZE. It would appear that the balance-of-payments controls provided in this project are pretty good.

Joe, would you be willing to accept the same controls when the IDA authorization comes up here in the next month or so?

Mr. BARR. The IDA negotiation is just in the final stages of completion.

I think the proposal will go to the Executive Directors in the next few days and you will get a bill, I would assume, in March. The proposal as it stands now, I think, is roughly comparable though in the fact that the IDA proposal would envisage no U.S. payment in any year in which we were in balance-of-payments difficulties, above and beyond the amount that was expended in the United States from IDA resources for U.S. goods and services.

It would be a deferment provision until our balance-of-payments situation was cleared up.