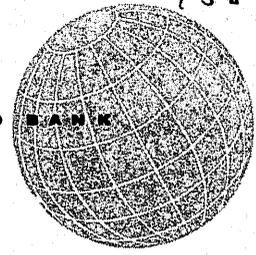


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WORLD BANK

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H STREET, N.W., WASHINGTON 25, D. C. TELEPHONE: EXECUTIVE 3-6360

Press Release No. 458
September 21, 1956

Subject: \$31 million of loans
in Austria.

The World Bank today made two loans totaling \$31 million for electric power expansion in Austria. The projects being financed are part of a power expansion program being carried out to meet the increasing demands of Austrian industry and to supply additional power for export to neighboring countries.

The Manufacturers Trust Company participated in the loans, without the World Bank's guarantee, to the total of \$149,000. This amount represents the first maturity of each of the loans.

One loan, of \$21 million, was made for the Ybbs-Persenbeug project, a large run-of-the-river hydroelectric plant being constructed on the Danube about 80 miles up the river from Vienna. This project was started in 1953 and is being built by the Donaukraftwerke (Danube River Power Company). It will have a capacity of 192,000 kilowatts from six generating units installed in two power houses. Three of the units are expected to be in operation in the early part of 1958 and the others by the end of 1959.

The second loan, for \$10 million, will be used for the expansion of two thermal power plants, using domestic brown coal for fuel, in southwestern Austria: one at Voitsberg and the other at St. Andrae. They are being constructed by the Draukraftwerke (Drau River Power Company). The expansion will consist of the addition of a 65,000-kilowatt unit to the existing capacity of 60,000 kilowatts at Voitsberg, and the addition of 100,000 kilowatts of capacity at the 67,500-kilowatt plant at St. Andrae. The Voitsberg plant is expected to be complete in October 1956. Construction at St. Andrae will start in January 1957 and be finished by the end of 1958.

The co-borrower in each loan is the Verbundgesellschaft (Austrian Electric Power Corporation), a government-owned corporation, established in

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1947. The Corporation operates most of Austria's high tension transmission system and controls the operations of four government-owned power generating companies, including the Donaukraftwerke and the Draukraftwerke.

The Verbundgesellschaft and its affiliated companies, together with other public companies connected with the Corporation's transmission system, operate about 1.7 million kilowatts of generating capacity, or about 77% of the total in Austria. The projects being financed by today's loans will provide 357,000 kilowatts of new capacity and are part of the Verbundgesellschaft's expansion program which will add 612,000 kilowatts of installed capacity by 1960. The program also includes two more thermal power plants, the completion of four hydroelectric plants, and new transmission lines and transformer and switching stations.

The rapid rise in industrial production in Austria since the war has necessitated large increases in power capacity. But despite extensive development of its hydroelectric power resources, Austria still has little reserve capacity; power has to be imported during the winter months when production from hydroelectric plants is curtailed because of the low flow of the rivers. The Verbundgesellschaft's expansion program is designed to meet the estimated future growth of demand until 1960. It will also permit the reduction of power imports and provide some additional power for export to neighboring countries. Austria already exports power to Italy and Germany and arrangements are in prospect for exports to France and Czechoslovakia.

The \$21 million loan was made to the Donaukraftwerke and the Verbundgesellschaft. It is for a term of 25 years and bears interest of 5% including the statutory 1% commission charged by the Bank. Amortization will begin January 15, 1960. The \$10 million loan was made to the Draukraftwerke and the Verbundgesellschaft and is for a term of 20 years, bearing interest of

5%. Amortization of this loan will begin September 1, 1959. Both loans are guaranteed by the Government of Austria.

The Bank's loans will finance about 23.5% of the combined cost of the three projects estimated to be equivalent to \$113 million. About \$5.1 million of the loans will pay for imported equipment; the remainder will be used for expenditures incurred in Austria.

The Bank has now lent a total equivalent to \$53 million in Austria for electric power projects which will have a combined power generating capacity of 667,000 kilowatts. The previous loans were \$12 million for the Reisseck-Kreuzeck hydroelectric plant in southern Austria from which some power will be exported to Italy, and \$10 million for the Lunersee plant in western Austria from which most of the power will be exported to Germany.

After having been approved by the Bank's Executive Directors the loan documents were signed today by His Excellency Dr. Carl Gruber, Austrian Ambassador in Washington, on behalf of the Austrian Government and of the borrowers, and by W.A.B. Iliff, Vice President, on behalf of the World Bank.